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Proceeding	91188993
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GEORGE L. BROWN SCOREBOARD

The 100 Top Brands

Here's how we calculate the power in a name

INTERBRAND CORP. takes lots of ingredients into account when ranking the world's most valuable brands. To even qualify for the list, each brand must have a value greater than \$1 billion, derive about a third of its earnings outside its home country, and have publicly available marketing and financial data. One or more of those criteria eliminate such heavyweights as Visa, Wal-Mart, Mars, and CNN. We don't rank parent companies, which explains why Procter & Gamble doesn't show up. And airlines are not ranked because it's too hard to separate their brands' impact on sales from factors such as routes and schedules.

BUSINESSWEEK CHOSE Interbrand's

methodology because it evaluates brands much the way analysts value other assets: on the basis of how much they're likely to earn in the future. The projected profits are then discounted to a present value, taking into account the likelihood that those earnings will actually materialize.

THE FIRST STEP IS figuring out what percentage of a company's revenues can be credited to a brand. (The brand may be almost the entire company, as with McDonald's Corp., or just a portion, as it is for Marlboro.) Based on reports from analysts at J.P. Morgan Chase, Citigroup, and Morgan Stanley, Interbrand projects five years of earnings and sales for the brand. It then deducts operating costs, taxes, and

a charge for the capital employed to arrive at the intangible earnings. The company strips out intangibles such as patents and management strength to assess what portion of those earnings is due to the brand.

FINALLY, THE BRAND'S strength is assessed to determine the risk profile of those earnings forecasts. Considerations include market leadership, stability, and global reach—or the ability to cross both geographical and cultural borders. That generates a discount rate, which is applied to brand earnings to get a net present value. *BusinessWeek* and Interbrand believe this figure comes closest to representing a brand's true economic worth.

RANK 2005 / 2004		2005 BRAND VALUE \$MILLIONS	2004 BRAND VALUE \$MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
1 1	COCA-COLA	67,525	67,394	0%	U.S.	While Coke struggles to add new diet and energy drinks, it is still searching for a zipplier global advertising message.
2 2	MICROSOFT	59,941	61,372	-2%	U.S.	It continues to reach into hot consumer markets such as TV set-top box software, video games, and mobile phones.
3 3	IBM	53,376	53,791	-1%	U.S.	The sale of the notebook business to Lenovo continues the transformation from a computer manufacturer to a services and consulting company.
4 4	GE	46,996	44,111	7%	U.S.	Hawking itself as a center of cutting-edge innovation and source of earth-friendly products has enhanced GE's brand image.
5 5	INTEL	35,588	33,499	6%	U.S.	Thanks to its Pentium chips and Centrino wireless notebooks, Intel is a household name worldwide.
6 8	NOKIA	26,452	24,041	10%	Finland	Looking to take on Apple's iPod as cell phones and MP3 players converge into one device.
7 6	DISNEY	26,441	27,113	-2%	U.S.	Incoming CEO Bob Iger must develop new offerings. The trend is toward edgier fare even for kids.
8 7	MCDONALD'S	26,014	25,001	4%	U.S.	Who's not lovin' it? Big Mac has reconnected with moms and teens thanks to new offerings like salads and a hipper image.
9 9	TOYOTA	24,837	22,673	10%	Japan	Poised to pass GM globally, Toyota's image gets a big boost from its growing stable of hybrids.
10 10	MARLBORO	21,189	22,128	-4%	U.S.	Still tops in the U.S., the world's biggest cigarette brand has struggled in Europe of late, losing share in France and in Germany.
11 11	MERCEDES-BENZ	20,006	21,331	-6%	Germany	Quality problems and strategic errors have punctured Mercedes' sales for two years. Will the new S-Class sedan help buff its image?
12 13	CITI	19,967	19,971	0%	U.S.	A history in global markets that often helps it trump local players has helped to shield Citi from recent scandals.
13 12	HEWLETT-PACKARD	18,866	20,978	-10%	U.S.	Printer king HP faces increased competition, and new CEO Mark Hurd must figure a way to improve performance against computer rivals Dell and IBM.
14 14	AMERICAN EXPRESS	18,559	17,683	5%	U.S.	AmEx star is rising since it won the right to let banks issue its cards. AmEx invested heavily in marketing spending worldwide.
15 15	GILLETTE	17,534	16,723	5%	U.S.	The King of Blades is on a roll, with its battery-powered M3Power razor helping produce record results. Now it's getting ready to merge with P&G.

RANK 2005/2004	2005 BRAND VALUE \$MILLIONS	2004 BRAND VALUE \$MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION	
16 17	BMW	17,126	15,886	8%	Germany	BMW is in the fast-lane, proving that the right mix of engineering and marketing can propel an auto makers' performance even in tough markets.
17 16	CISCO	16,592	15,948	4%	U.S.	Partnered with Microsoft to tackle Internet security and limit damage from viruses. A new focus on small business is paying off.
18 44	LOUIS VUITTON	16,077	NA	NA	France	With Uma Thurman promoting its hot new Monogram Cerises collection, the world's richest luxury brand seems unstoppable.
19 18	HONDA	15,788	14,874	6%	Japan	Consumers can't get enough of Honda. Now it plans to boost annual North American production to 1.4 million vehicles by 2007.
20 21	SAMSUNG	14,956	12,553	19%	S. Korea	One big brand marketed everywhere, plus an explosion of popular cell phones, is boosting sales of all its gadgets.
21 25	DELL	13,231	11,500	15%	U.S.	It has the biggest market share in personal computers and is now aggressively pushing printers, TVs, and laptops as PC demand slows.
22 19	FORD	13,159	14,475	-9%	U.S.	Mustang is red hot. But SUVs and pickups, which had been top money-makers, are cold, and competition hammers truck profit margins.
23 22	PEPSI	12,399	12,066	3%	U.S.	Increasing emphasis on Diet Pepsi and Hispanic marketing, plus big-event advertising on the Super Bowl and Oscars is boosting brand growth.
24 23	NESCAFE	12,241	11,892	3%	Switzerland	Holding its own in the Starbucks era by offering ready-to-drink products such as Ice Java coffee coolers.
25 26	MERRILL LYNCH	12,018	11,499	5%	U.S.	Its revamped retail brokerage business is increasingly being recognized as the best performer in the industry.
26 24	BUDWEISER	11,878	11,846	0%	U.S.	The King of Beers sputtered a bit in 2004, owing to competition from domestic brewers and spirit makers. Bud is battling back with new products.
27 28	ORACLE	10,887	10,935	0%	U.S.	Winning the battle for PeopleSoft, and two other acquisitions, was easy. Oracle now has to integrate all of those products and employees.
28 20	SONY	10,754	12,759	-16%	Japan	Top priority for Sir Howard Stringer, Sony's first ever <i>gaijin</i> CEO: getting the company's consumer electronics biz back on track.
29 33	HSBC	10,429	8,671	20%	Britain	HSBC's three-year-old campaign, "The World's Local Bank," is paying dividends as it rebrands international acquisitions.
30 31	NIKE	10,114	9,260	9%	U.S.	While rivals branch out into hip hop, Nike focuses on athletics. The swoosh overtook Adidas as the biggest supplier of soccer shoes in Europe.
31 29	PFIZER	9,981	10,635	-6%	U.S.	Patent expirations and a weak new-product pipeline hurt the No. 1 drugmaker's prospects. A cost-cutting push won't cure those ailments.
32	NEW UPS	9,923	New	New	U.S.	Buying regional shippers and rebranding them has enabled Brown to benefit from explosion in mall order and Net selling.
33 27	MORGAN STANLEY	9,777	11,498	-15%	U.S.	Very public management turmoil and the ouster of CEO Philip J. Purcell seriously damaged the firm's sterling reputation.
34 30	JPMORGAN	9,455	9,782	-3%	U.S.	JPMorgan Chase's venerable name has taken its lumps as the bank struggles to absorb its latest acquisition, Chicago's Bank One.
35 35	CANON	9,044	8,055	12%	Japan	Color copiers and top-notch cameras make Canon one of Japan's most profitable companies. Tennis star Maria Sharapova adds star quality.
36 34	SAP	9,006	8,323	8%	Germany	The software giant gained brand value thanks to innovation and smart marketing, but rival Oracle grabbed headlines with its PeopleSoft takeover.
37 37	GOLDMAN SACHS	8,495	7,954	7%	U.S.	Prestige and stability count for a lot, especially when other firms have high-profile management traumas.
38	NEW GOOGLE	8,461	New	New	U.S.	Google spent \$5 million on marketing in 2004, a fraction of the totals spent by competitors. Yet more people than ever go to Google to search.
39 36	KELLOGG'S	8,306	8,029	3%	U.S.	Cereal is up and acquired brands like Keebler and Morningstar Farms are up even more. International growth is strong.
40 38	GAP	8,195	7,873	4%	U.S.	Sarah Jessica Parker couldn't fend off lackluster sales in 2004. Now the clothier is betting on remodeled stores to move more merchandise.
41 43	APPLE	7,985	6,871	16%	U.S.	With iPod mania showing no signs of abating, Apple's brand is hotter than ever. That's giving a lift to Mac sales and sets the stage for new offerings.
42 40	IKEA	7,817	7,182	9%	Sweden	The Swedish furniture giant continues to boost sales through smart design and aggressive geographic expansion.
43	NEW NOVARTIS	7,746	New	New	Switzerland	A heavy advertiser, it ran ads during the Super Bowl and is big in Internet search advertising.
44 45	UBS	7,565	6,526	16%	Switzerland	Its global brand strategy is winning new customers for private wealth management business.


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45 39 SIEMENS	7,507	7,470	1%	Germany	After selling the money-losing mobile handset business, new CEO Klaus Kleinfeld is concentrating on business-to-business products.
46 41 HARLEY-DAVIDSON	7,346	7,057	4%	U.S.	Harley lost 27% of its stock value this spring. Its problems: slowing growth, high bike prices, and aging Baby Boomer buyers.
47 42 HEINZ	6,932	7,026	-1%	U.S.	It continues to fight private-label brands for space on kitchen tables, buying Lea & Perrins Worcestershire Sauce in June.
48 47 MTV	6,647	6,456	3%	U.S.	The planned cleaving of parent Viacom to unlock shareholder value underscores the growth prospects, particularly overseas, of MTV Networks.
49 59 GUCCI	6,619	NA	NA	Italy	Star designer Tom Ford stepped down last year, but CEO Robert Polet has put Gucci back on its feet with strong sales of footwear and leather accessories.
50 46 NINTENDO	6,470	6,479	0%	Japan	The brand is treading water, but launch of the Nintendo DS portable games machine should raise the company's profile.
51 50 ACCENTURE	6,142	5,772	6%	U.S.	Outsourcing has been a strong growth area, winning high-profile, high-value contracts such as border security in the U.S.
52 49 L'OREAL	6,005	5,902	2%	France	The beauty-products giant is sitting pretty, with strong growth in the U.S. and Asia. Sagging European sales are starting to shore up.
53 65 PHILIPS	5,901	NA	NA	Netherlands	The consumer electronics and medical systems colossus launched a global rebranding effort that raised its ranking, but its visibility still lags in the U.S.
54 51 XEROX	5,705	5,696	0%	U.S.	Despite a steady march of new products—40 in 2004 alone—the copier giant has not been able to build momentum with investors.
55 60 EBAY	5,701	4,700	21%	U.S.	The online marketplace's brand value shot up thanks to a runup in its stock price. But revenue growth is slowing as some merchants try rivals.
56 48 VOLKSWAGEN	5,617	6,410	-12%	Germany	Unexciting designs and luxury products forced on a value brand is costing the German auto maker customers worldwide.
57 52 WRIGLEY'S	5,543	5,424	2%	U.S.	The No. 1 name in gum is making a big push into other tasty treats with its recent purchase of Altoids and Life Savers.
58 61 YAHOO!	5,256	4,545	16%	U.S.	The decade-old Internet brand has matured from "colorful" and "wacky" to "useful" and "indispensable" in recent years.
59 58 AVON	5,213	4,849	8%	U.S.	Struggles in the U.S. market were offset by red-hot direct sales in Eastern Europe and other developing economies.
60 56 COLGATE	5,186	4,929	5%	U.S.	Responding to the rising challenge of rival P&G, the global toothpaste giant sharply increased advertising and promotional spending in 2004.
61 54 KFC	5,112	6,118	0%	U.S.	KFC is going away from "healthy" offerings, playing up guilty pleasures and moving back to the Kentucky Fried Chicken brand name.
62 53 KODAK	4,979	5,231	-5%	U.S.	Though Kodak has made impressive strides in digital photography, the stock has been hurt by a credit-rating demotion to junk-bond status.
63 55 PIZZA HUT	4,963	5,050	-2%	U.S.	"Healthy" pizza items and aggressive product-placement strategy in video games aren't enough to overcome the low-carb eating trend.
64 57 KLEENEX	4,922	4,881	1%	U.S.	As Gen Y consumers buy private label or whatever is on sale, Kleenex plays the innovation card with its launch of Moist Cloth tissues.
65 64 CHANEL	4,778	4,416	8%	France	The Paris fashion house is the essence of chic, Nicole Kidman promoting Chanel No. 5 perfume helps, too.
66 62 NESTLE	4,744	4,529	5%	Switzerland	Best known for chocolate, the Swiss food giant posts stronger sales growth from newer products such as Aquarel bottled water.
67 63 DANONE	4,513	4,488	1%	France	U.S. and Asian sales of Danone yogurts and yogurt-based drinks help offset recent weakness in its core European markets.
68 66 AMAZON.COM	4,248	4,156	2%	U.S.	The pioneer e-tailer has kept its brand equity steady by chucking TV ads and spending the money on relentlessly lowering prices.
69 67 KRAFT	4,238	4,112	3%	U.S.	A leaner portfolio of brands should give the maker of Oreos and Maxwell House a boost on store shelves.
70 68 CATERPILLAR	4,085	3,801	7%	U.S.	Cat, with its giant earth-hauling machines, maintains a strong reputation for ruggedness.
71 69 ADIDAS	4,033	3,740	8%	Germany	Collaboration with hip-hop queen Missy Elliott proves that athlete endorsements aren't the only way to sell sports apparel.
72 70 ROLEX	3,906	3,720	5%	Switzerland	Still the ultimate status-symbol timepiece, Rolex is polishing its appeal with marketing initiatives such as an arts sponsorship program.
73 76 MOTOROLA	3,877	3,483	11%	U.S.	Slick designs like the \$500 Razr phone make Motorola a force, especially at the high-end of personal digital electronics.

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74 71 REUTERS	3,866	3,691	5%	Britain	CEO Tom Glocer has led a revival, but catching up to archrival Bloomberg is still an uphill battle.
75 72 BP	3,802	3,662	4%	Britain	Despite a Texas refinery accident and a damaged platform in the Gulf of Mexico, BP is challenging ExxonMobil for pole position in the oil industry.
76 74 PORSCHE	3,777	3,646	4%	Germany	An SUV at the legendary sports car company didn't hurt brand caché. A sedan might be next. The company is testing how broad the brand can be.
77 NEW ZARA	3,730	New	New	Spain	Cutting-edge Spanish apparel retailer epitomizes cheap chic, knocking out mass-produced copies of catwalk fashions almost overnight.
78 77 PANASONIC	3,714	3,480	7%	Japan	With first-rate DVD recorders and the best-selling plasma TVs in the U.S., small wonder that Panasonic's star is rising.
79 81 AUDI	3,686	3,288	12%	Germany	Germany's No. 3 luxury carmaker scored a big improvement in initial quality in J.D. Power's 2005 ranking, leading to 8.2% higher sales worldwide.
80 80 DURACELL	3,679	3,362	9%	U.S.	Despite rampant price competition in the battery business, Duracell has achieved record profitability thanks to cost-cutting and effective ads.
81 75 TIFFANY & CO.	3,618	3,638	-1%	U.S.	Japan turned cold for Tiffany this year, contributing to disappointing earnings in the last half of the year.
82 79 HERMES	3,540	3,376	5%	France	Designer Jean-Paul Gaultier is wowing fans of the family-run luxury group with new takes on the Birkin and Kelly handbags.
83 78 HERTZ	3,521	3,411	3%	U.S.	Still a leader with business travelers, Hertz shouldn't miss a beat when Ford completes the sale of this market-leading rental-car business.
84 NEW HYUNDAI	3,480	New	New	S. Korea	It's the fastest-growing auto brand in the world. Now it's aggressively moving upscale into bigger, more profitable segments.
85 90 NISSAN	3,203	2,833	13%	Japan	Snappy designs and aggressive pricing are raising Nissan's market share along with its profits.
86 83 HENNESSY	3,201	3,084	4%	France	Hip-hop artists made this French cognac a U.S. best-seller. Asia could fuel future growth.
87 88 ING	3,177	2,864	11%	Netherlands	ING Direct is a phenomenal success: It's the largest online bank. Now it's aiming for Chinese expansion with its Bank of Beijing investment.
88 86 SMIRNOFF	3,097	2,975	4%	Britain	Sales are up significantly after rebranding campaign. Extension into malt liquor ice brand has been a big success.
89 91 CARTIER	3,050	2,749	11%	France	After several tough years, the jewel in Swiss luxury group Richemont's crown has rediscovered its sparkle, thanks to new jewelry lines.
90 84 SHELL	3,048	2,985	2%	Brit./Neth.	CEO Jeroen van der Veer is juicing up exploration while cleaning house after a scandal about overstated reserves.
91 87 JOHNSON & JOHNSON	3,040	2,952	3%	U.S.	While the drug business has slowed, J&J's medical devices continue to power earnings. But questions now surround its purchase of Guidant.
92 89 MOET & CHANDON	2,991	2,861	5%	France	Strong U.S. and Asian champagne sales keep the bubbly flowing at parent company LVMH.
93 95 PRADA	2,760	2,568	7%	Italy	Designer Miuccia Prada still stirs up fashionista frenzies with her edgy handbags and shoes. Sales in Asia were up 25% last year.
94 NEW BULGARI	2,715	New	New	Italy	A move into luxury hotels and resorts is enhancing the jeweler's exclusive brand image.
95 93 ARMANI	2,677	2,613	2%	Italy	The Italian king of style is now moving into home furnishings, hotels, and restaurants. Still missing is a plan for his succession.
96 85 LEVI'S	2,655	2,979	-11%	U.S.	Newer brands like Citizens of Humanity and Miss Sixty keep chipping away at Levi's cool factor. Sales of Levi's jeans in the U.S. were flat from 2003.
97 NEW LG	2,645	New	New	S. Korea	Once best known for its microwave ovens and basic refrigerators, LG is now rolling out snazzy cell phones, plasma TVs, and digital gizmos.
98 97 NIVEA	2,576	2,409	7%	Germany	The business formula has growing appeal to aging baby boomers on a budget: Skin care that doesn't cost a fortune.
99 98 STARBUCKS	2,576	2,400	7%	U.S.	Profits and share price remain high. Now Starbucks is pushing to become a force in music distribution.
100 99 HEINEKEN	2,357	2,380	-1%	Netherlands	Still the leading international beer brand, but the Amsterdam-based brewer is struggling to keep growth going.

The brand valuations draw upon publicly available information, which has not been independently investigated by Interbrand. Valuations do not represent a guarantee of future performance of the brands or companies. NA = Not available. Last year's brand value has been restated due to the availability of new data. Data: Interbrand Corp., J.P. Morgan Chase & Co., Citigroup, Morgan Stanley, BusinessWeek



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AUGUST 7, 2006

THE BEST GLOBAL BRANDS

Best Global Brands

How the *BusinessWeek*/Interbrand Top 100 companies are using their brands to fuel expansion



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Not long ago, Motorola saw itself the same way its customers did: as a tech-driven seller of products, not a brand. The success of the RAZR changed all that. By ringing the consumer's bell, the hot-selling mobile phone validated a new strategy, internally dubbed MOTOME. Suddenly Motorola (**MOT**) was a company that had rediscovered its identity as a major consumer brand.

The key, says global marketing head George Neill, who came to the company last year from Apple (**AAPL**), was to think of the brand as providing experiences to consumers, not just hardware. "We're focused on giving access to what people want -- music, video, Internet -- wherever customers roam." That translated into an 18% gain in the company's global brand value on this year's *BusinessWeek*/Interbrand Annual Ranking of the 100 Top Global Brands. The phonemaker, adds Interbrand Group CEO Jez Frampton, is "redefining the place people make for the Motorola brand in their lives."



[Quiz >>](#)

This year's list is brimming with hot brands such as Motorola that are crafting new and surprising ways to branch into entirely new product arenas. Hyundai is launching a premium sedan. Google (**GOOG**) is wading into selling ad time on the radio. Others are revving up their brand's goodwill value to dodge problems, as McDonald's (**MCD**) is doing with its health and fitness marketing to counter concerns about junk food.

Every company wants its brand to get bigger. The hard part is balancing what the brand is with a vision of what it would like to be. "As soon as you try to go someplace that doesn't fit or where you don't have credibility, it can detract from your organization and your brand," says Frampton. The sixth annual *BusinessWeek*/Interbrand rankings measure an elusive but crucial quality. Companies that score high can count on plenty of customer loyalty as they push into risky expansions.

DON'T FEAR PUBLIC FLOPS

The Google name is stronger than ever: In this year's ranking it gained 46% in brand value -- the biggest year-over-year rise of any company ever on the list. Revenues climbed by 105% last year. With market share in Internet search still surging, it can afford to gamble with its universally recognizable brand.



[Slide Show >>](#)

That allows Google to launch a slew of new products with small investments, gain valuable user input at early stages of development, and in turn challenge market leaders such as Microsoft (**MSFT**) in mature businesses. "The way you find really successful innovation is to release five things and hope that one or two of them really take off," says product czar Marissa Mayer.

When your brand is a verb in the *Oxford English Dictionary*, you can weather the sting of a few product flops. In the process you can harness the power of early releases, when users offer tons of suggestions, and engineers can fold in upgrades and adapt on the fly. That's what the company did with Google Video, which was expanded to let people upload and showcase their own creations. Another example: When Google initially launched Gmail in 2004, it scared some would-be customers by scanning e-mails for keywords and serving up ads relevant to their content. Since then the company has invited Web critics and consumer advocates to weigh in during the test phases of other new offerings.

Google's brand may not always ride this high. Failed product tests can pile up and dent all the positive brand buzz. That's a worry, particularly since only a few of its services beyond search have found real acclaim, much less significant new revenue.

Still, the company has a toehold almost everywhere and a knack for speed. In the past year it has launched an online finance site, a spreadsheet tool, and a word processor, and it plans to resell radio and TV ad time to its ad clients. Several of these may never be big cash machines, but with revenues growing 77% last quarter, it's hard to blame Google for failing in small ways when it's winning so big on the Street.

FACE YOUR WEAKNESSES

In the five years leading up to 2003, McDonald's saw its market capitalization fall by \$12.2 billion. And this is no Internet stock. The problem was that despite the company's nearly 100% brand awareness in every global market, the old images of Ronald McDonald weren't wearing well. Just as troubling, evidence was mounting that junk food was fueling an obesity epidemic in the U.S. McDonald's had long struck a defensive pose against such barbs. But it was time to take control of the brand before outside forces did it for them.

McDonald's discovered that while its big-budget Disney (**DIS**) tie-ins and Olympics sponsorships kept the Golden Arches in kids' sights, mothers were its real problem. Opinion studies and focus groups showed a mounting distrust of McDonald's and guilt among suburban moms about letting kids eat there. "Everything we do is really driven through the eyes of our customers and understanding what their needs and desires are," says Global Chief Marketing Officer Mary Dillon.

So the chain set out to appeal to moms. In the past three years, one-third of its 13,725 restaurants have been upgraded, and new premium-priced salads and chicken meals have been added. Fruit offerings such as apple slices have helped change Mickey D's image - it's now the nation's biggest wholesale buyer of apples. This year, McDonald's global brand value rose a healthy 6%, and its market capitalization grew by \$2 billion. The company took the mom-friendly message to a new level last February. McDonald's kicked off a global campaign tied in with the Olympics that talks up the importance of exercise and nutrition, using such athletic role models as tennis stars Venus and Serena Williams.

The campaign ("It's what I eat and what I do...I'm lovin' it") includes TV ads, new packaging, and a series of Ronald McDonald videos teaching children how to eat well and stay active. Meanwhile, average restaurant sales are up to a record \$1.9 million thanks to the premium-priced items. Says Dillon: "One of the fun things about McDonald's is we are always learning about how we can expand our brand."

EARN PERMISSION TO GROW

In 1998, Hyundai's reputation in the U.S. was so ravaged by a decade of quality problems that the South Korean company considered pulling up stakes. Chung Mong Koo took over that year and began reinventing how Hyundai viewed quality. A carmaker without a U.S. presence, he reckoned, could never be a global brand.

Quality improved, but Hyundai was still far behind. So Chung devised an aggressive strategy: Until at least 2008, Hyundai models would carry a 100,000-mile/10-year warranty to give customers peace of mind. This created hundreds of millions of dollars a year in extra provision costs, of course. Meanwhile, Chung ordered plant managers to obsess about quality, even to stop production lines if defects were detected. The practice was common in Japan and catching on in the U.S. but still unheard of in Korea.

The moves paid off. In the U.S., Hyundai saw its sales grow from less than 100,000 in 1998 to 455,012 last year. Global brand value climbed an impressive 17% last year. In the latest quality scores from J.D. Power & Associates (**MHP**), released in June, Hyundai was the top-rated nonluxury brand ahead of Toyota. (**TM**) That now gives Hyundai the street cred, for example, to sell its new Azera sedan, which costs close to \$30,000 and has been compared seriously to the Chrysler (**DCX**) 300, Toyota Avalon, and Buick (**GM**) Lucerne.

Having earned stripes from critics, Hyundai says it's looking for more creative validation as it contemplates a sub-brand to compete with Lexus and Cadillac. "One important objective of our brand is to create emotional connection with our clients," says Nam Myung Hyun, general manager for brand strategy. It shouldn't be too hard. Americans love an underdog, especially one that has learned new tricks.

MAKE SIMPLICITY KING

When Gerard Kleisterlee took the helm of Royal Philips Electronics (**PHG**) in 2001, the Dutch conglomerate's empire included TVs, lighting, medical devices, and semiconductors. The missing key: a coherent brand. "We had to choose whether Philips was a company built around its core technologies or one built around its core brand," says Kleisterlee, who presided over a healthy 14% gain in global brand value last year.

He wisely chose the latter. In doing so he had to shake up the way the company thought about customers and communication without alienating the engineering and science units critical to innovation. In 2004 its "Sense and Simplicity" global branding effort launched. The idea is to create a "health-care, lifestyle, and technology" company that offers easy-to-use products designed around the consumer. To get the effort on track, the CEO created an internal think tank, the Simplicity Advisory board, comprised entirely of Philips outsiders: a British fashion designer, a Chinese architect, an American radiologist, and an American Massachusetts Institute of Technology professor.

The board looks at overarching questions like: How does simplicity get executed? Their strategic advice changed the way the company thinks, leading to a series of new, user-friendly products. It wasn't enough to design a small defibrillator that could be stashed in public spaces such as airports and workplaces. Consumers dictated that it be the size of a laptop and simple enough that the untrained could

spark a heart back to life in seconds using built-in audio instructions. There's also Perfect Draft, a home draft-beer dispenser that's a twist on Philips' hugely successful Senseo coffee machines.

Philips installed new test centers around the world where products are extensively critiqued by consumers. That saved the company from flubbing the launch of its WACS7000 Wireless Music Center & Station, which it postponed when the software was rewritten because of complaints of overcomplexity.

Brand value hasn't come cheaply for Philips. Analysts say the company spent \$170 million in 2005 and plans to invest around the same amount this year on the new campaign. But Kleisterlee knows the company's future valuation depends on the strength of the brand: "Everything we do, from our products to the way we work with our suppliers and customers, has to live up to the simplicity promise."

PROTECT YOUR CULTURE

Starbucks (**SBUX**) hardly advertises, instead relying on its ubiquitous cafés to do the talking and create its 20% bump in global brand value. That means keeping them free of the clutter of other brands and products, which are constantly trying to piggyback on the Starbucks aura and access to 30 million weekly customers. At the same time, the chain has come to view its brand as a kind of cultural portal — after co-producing a series of music CDs, Starbucks this year backed a book and a film. So it was a spirited discussion that took place within the Consumer Insight Group last fall about how to use the sacred store environment to promote the movie, *Akeelah and the Bee*. Until then the chain had never sullied its cafés with movie posters or TV monitors.

The answer was to make the cafés a sort of extension of the film, which is about an inner-city African American girl who competes in a national spelling bee. So last April vocabulary words from the contests in the film went on Starbucks cup sleeves and on café walls, challenging customers' vocabularies. It wasn't an overly obvious promotion. Rather than use traditional methods, says Senior Vice-President for Marketing Ann Saunders, new projects like this are launched "based mostly on our intuition and out of our brand culture.... We know when it feels right." Starbucks plans to co-produce at least two more movies next year.

Missteps have been helpful in understanding how to grow — and how not to. *Joe* magazine, in 1999, was one. Magazines are a smaller niche than newspapers and a highly personal choice for consumers. After six months, *Joe* was tossed. Last year's "drinking chocolate," called Chantico, served in a dainty six-ounce cup, didn't work, either. It was too pricey at almost \$3, in too small a cup, and had too many calories (390). Gone.

Perhaps Starbucks' riskiest ventures are its music bars, which let customers compile songs on CDs or in MP3 folders from a song library. The bars change the atmosphere of the cafés and have been criticized in the media and on blogs as an unnecessary diversion. Saunders counters that customer satisfaction is high, and more music bars are likely next year. She knows the plan is ambitious. "But if you know where your brand lines really are, you can push them."

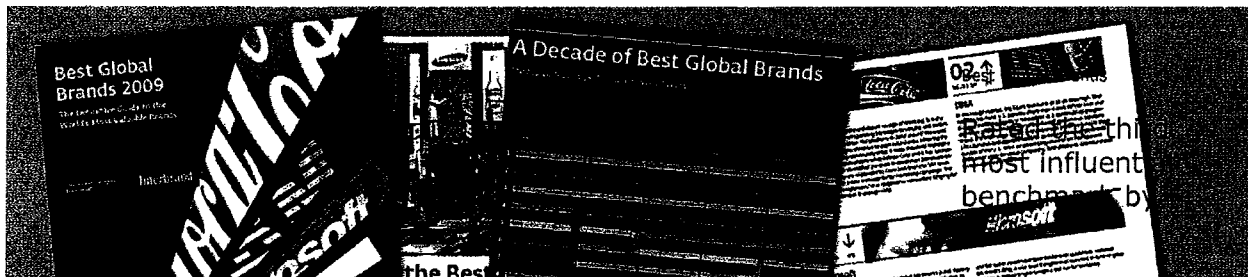
By David Kiley, with Ben Elgin in San Mateo, Calif., Michael Arndt and Roger Crockett in Chicago, Kerry Capell in London, and Moon Ihlwan in Seoul

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**BEST GLOBAL BRANDS
2006**

Each year the Best Global Brands generates increasing amounts of interest from companies and practitioners associated with brands.

We've enjoyed leading the discussion to help organizations understand and grow the value of their brands.

REPORT 2006

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








2009 ranking
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**MEDIA & GENERAL
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









BEST GLOBAL BRANDS**2006 rankings**


















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









2006 Rank	2005 Rank	Brand	Country of Origin	Sector	2006 Brand Value (\$m)	Change in Brand Value
1	1		United States	Beverages	67,000	-1%
2	2		United States	Computer Software	56,926	-5%
3	3		United States	Computer Services	56,201	5%
4	4		United States	Diversified	48,907	4%
5	5		United States	Computer Hardware	32,319	-9%
6	6		Finland	Consumer Electronics	30,131	14%
7	9		Japan	Automotive	27,941	12%
8	7		United States	Media	27,848	5%
9	8		United States	Restaurants	27,501	6%
10	11		Germany	Automotive	21,795	9%
11	12		United States	Financial Services	21,458	7%




12	10		United States	Tobacco	21,350	1%
13	13		United States	Computer Hardware	20,458	8%
14	14		United States	Financial Services	19,641	6%
15	16		Germany	Automotive	19,617	15%
16	15		United States	Personal Care	19,579	12%
17	18		France	Luxury	17,606	10%
18	17		United States	Computer Services	17,532	6%
19	19		Japan	Automotive	17,049	8%
20	20		Republic of Korea	Consumer Electronics	16,169	8%
21	25		United States	Financial Services	13,001	8%
22	23		United States	Beverages	12,690	2%
23	24		Switzerland	Beverages	12,507	2%
24	38		United States	Internet Services	12,376	46%
25	21		United States	Computer Hardware	12,256	-7%
26	28		Japan	Consumer Electronics	11,695	9%
27	26		United States	Alcohol	11,662	-2%
28	29		United Kingdom	Financial Services	11,622	11%

29	27		United States	Computer Software	11,459	5%
30	22		United States	Automotive	11,056	-16%
31	30		United States	Sporting Goods	10,897	8%
32	32		United States	Transportation	10,712	8%
33	34		United States	Financial Services	10,205	8%
34	36		Germany	Computer Software	10,007	11%
35	35		Japan	Computer Hardware	9,968	10%
36	33		United States	Financial Services	9,762	0%
37	37		United States	Financial Services	9,640	13%
38	31		United States	Pharmaceuticals	9,591	-4%
39	41		United States	Computer Hardware	9,130	14%
40	39		United States	Food	8,776	6%
41	42		Sweden	Home Furnishings	8,763	12%
42	44		Switzerland	Financial Services	8,734	15%
43	43		Switzerland	Pharmaceuticals	7,880	2%
44	45		Germany	Diversified	7,828	4%
45	46		United States	Automotive	7,739	5%

46	49	GUCCI	Italy	Luxury	7,158	8%
47	55		United States	Internet Services	6,755	18%
48	53	PHILIPS	Netherlands	Diversified	6,730	14%
49	51		United States	Computer Services	6,728	10%
50	48		United States	Media	6,627	0%
51	50		Japan	Consumer Electronics	6,559	1%
52	40		United States	Apparel	6,416	-22%
53	52	L'ORÉAL	France	Personal Care	6,392	6%
54	47		United States	Food	6,223	-10%
55	58		United States	Internet Services	6,056	15%
56	56		Germany	Automotive	6,032	7%
57	54		United States	Computer Hardware	5,918	4%
58	60		United States	Personal Care	5,633	9%
59	57		United States	Food	5,449	-2%
60	61		United States	Restaurants	5,350	5%
61	65	CHANEL 	France	Luxury	5,156	8%
62	59	AVON	United States	Personal Care	5,040	-3%

63	66		Switzerland	Food	4,932	4%
64	64		United States	Personal Care	4,842	-2%
65	68		United States	Internet Services	4,707	11%
66	63		United States	Restaurants	4,694	-5%
67	67		France	Food	4,638	3%
68	70		United States	Diversified	4,580	12%
69	73		United States	Consumer Electronics	4,569	18%
70	62		United States	Consumer Electronics	4,406	-12%
71	71		Germany	Sporting Goods	4,290	6%
72	72		Switzerland	Luxury	4,237	8%
73	77		Spain	Apparel	4,235	14%
74	79		Germany	Automotive	4,165	13%
75	84		Republic of Korea	Automotive	4,078	17%
76	75		United Kingdom	Energy	4,010	5%
77	78		Japan	Consumer Electronics	3,977	7%
78	74		United Kingdom	Media	3,951	2%
79	69		United States	Food	3,943	-7%

80	76		Germany	Automotive	3,927	4%
81	82		France	Luxury	3,854	9%
82	81		United States	Luxury	3,819	6%
83	86		France	Alcohol	3,576	12%
84	80		United States	Consumer Electronics	3,576	-3%
85	87		Netherlands	Financial Services	3,474	9%
86	89		Switzerland	Luxury	3,360	10%
87	92		France	Alcohol	3,257	9%
88	91		United States	Personal Care	3,193	5%
89	90		Netherlands	Energy	3,173	4%
90	85		Japan	Automotive	3,108	-3%
91	99		United States	Restaurants	3,099	20%
92	New		Japan	Automotive	3,070	New
93	88		United Kingdom	Alcohol	3,032	-2%
94	97		Republic of Korea	Consumer Electronics	3,010	14%
95	94		Italy	Luxury	2,875	6%
96	93		Italy	Luxury	2,874	4%

97	95		Italy	Luxury	2,783	4%
98	New		United Kingdom	Luxury	2,783	New
99	98		Germany	Personal Care	2,692	4%
100	96		United States	Apparel	2,689	1%

*Indicates brands that did not appear in the previous year's top 100 ranking

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BEST GLOBAL BRANDS

How five names in this year's rankings staged their turnarounds

BY DAVID KILEY



REVIVING EVEN A STORIED BRAND isn't easy once consumers have a negative perception of it. Just ask Ford or Gap, which lost 19% and 15% of their brand value, respectively, in this year's *BusinessWeek/Interbrand* annual ranking of the 100 Best Global Brands. Even such perennial winners as Coca-Cola (No. 1) can have trouble boosting their brand. The beverage giant claimed the top spot for the seventh year in a row mostly because it is big and everywhere, but it failed to further burnish its reputation because its move into healthier drinks and snacks has yet to resonate.

Still, it's possible to stage a brand comeback. Several such stories emerged in this year's ranking, which is compiled in partnership with leading global brand consultant Interbrand Corp. and calculates brand value by using publicly available data, projected profits, and such variables as market leadership. While it's tempting for a challenged brand to emulate the likes of Google (No. 20), Apple (No. 33), or Starbucks (No. 88), doing so can seem audacious at best, delusional at

worst. A potentially more useful exercise: examining brands that have stumbled but recovered. "Benchmark brands should be studied, but solutions can seem a lot more accessible when you can see how someone fell and picked themselves up," says Interbrand CEO Jez Frampton.

Take Nokia Corp. Given its No. 5 ranking, it may seem crazy to consider the Finnish giant a comeback story. But it is one, as evidenced by a 12% jump in brand value, which extends a rankings

winning streak after faltering in 2004. Nokia realized its focus on making cheap handsets for the developing world was hurting it in the U.S. and Europe, where consumers wanted phones that played video and surfed the Web. Nokia released high-end phones aimed at both the consumer and business user and is showing strength in emerging and mature markets alike.

Here are five more comeback stories. They detail Nintendo Co.'s successful campaign for new customers; what Audi is doing to catch up with BMW; how Hewlett-Packard persuaded consumers that it's hip; Burberry's strategy to escape the taint of ubiquity; and Citibank's moves to reposition itself as a (very big) local bank.

Nintendo

DARING TO GO AFTER A NEW CROWD

NINTENDO'S MARKETERS HAD a pretty good idea that the new Wii player would be a game changer, thanks to a newfangled wireless controller that is wielded like a

GARY NEIL



light saber. And yet they didn't slap the Nintendo name on the gadget. Why? Because the company wanted to make it clear that the Wii was not just for gamers but was also a home entertainment system for all. "I'm not concerned about the spread of the Wii brand," says Nintendo President Satoru Iwata, "because I think the brand name of Nintendo is expanding with it."

To get across the message, Nintendo paired its advertising with a savvy PR campaign. The company identified influential bloggers who were either moms or members of large, multigenerational families. Ahead of the November, 2006, launch, Nintendo hosted parties for the individual families or for groups of the moms' friends, showing them how easy the Wii was for anyone to use. "You'd have grandparents picking up the con-

troller and saying: 'Wow, I can actually do this,'" says Stephen Jones, executive vice-president at GolinHarris, which ran the Wii's PR campaign. "Grandparents could see this as a new way to play with their grandkids." That, along with mentions ranging from TV news stories about Wiis in nursing homes to an episode of *South Park* featuring a Wii-coveting Cartman, spurred word-of-mouth and buzz in all age groups.

Unless you've been living under a rock, you know that Nintendo's Wii strategy has shaken the \$30 billion gaming industry. The innovative player has sold well (9.3 million units and counting) and set Nintendo apart from its rivals. As a result, the company surged seven places, to No. 44, in this year's ranking and boosted its brand value by 18%. Revenues in the most recent quar-

ter more than doubled to \$2.83 billion, and Nintendo raised its annual profit forecast 42%, to \$2.04 billion.

Audi

HATCHING A PLAN AND STICKING TO IT

THE AUDI BRAND HAS LONG SUFFERED in comparison with its more prestigious German rivals. If Wall Streeters drove BMWs and Mercedes-Benzes, Audi was embraced by suburban lawyers and the like. Now that's changing. Even in its home market, where people can be excessively snooty about their wheels, Volkswagen's premium brand has been ranking high in consumer surveys, with some of its models even placing ahead of BMW and Mercedes.

Ralph Weyler, the management board member in charge of global sales and marketing, credits a plan put in place 20 years ago to make "bold technological and design statements." Audi gradually gained respect throughout the 1990s and has had a slew of design hits of late, among them the R8 street racer, the Q7 SUV, and the A5 coupe. Models like these are transforming Audi from a mass-market carmaker to a premium one and help explain why the brand is on a tear. "An organization's long-term commitment to a sound, consistent plan can protect a company from a lot of mistakes that hurt brand value," says Interbrand's Frampton.

At the same time, Audi has been listening to consumers. A survey of 65,000 people worldwide conducted since 2001 shows that Audi now trails BMW and Mercedes by only a narrow margin in Europe and Asia. In the U.S., the automaker is spending heavily to polish its image. A long-running campaign that Americans found vague, themed "Never Follow," has given way to "Truth in Engineering." Global sales are up 9.8% overall in the first half of this year. And Audi has moved up six spots in the rankings, to No. 68, and increased its brand value 17%.

Hewlett-Packard

CHALLENGING THE STATUS QUO

REGAINING YOUR POSITION AS the world's biggest seller of personal computers is impressive, especially when just two years earlier critics were clamoring for you to get out of the PC business altogether.

Credit goes to CEO Mark Hurd, who told his lieutenants that Hewlett-Packard Co. had to stop building and marketing

the PC as if it were a commodity. Designing PCs that consumers actually want was, of course, the starting point. Besides making them more attractive, HP included such features as the ability to check e-mail and appointments without wasting precious minutes booting up.

The marketing team then went about pitching HP PCs as a personal reflection of consumers' desires and needs. Hence the slogan: "The computer is personal again." Last summer the company rolled out ads showing hip-hop mogul Shawn "Jay-Z" Carter mixing music and planning tours using an HP PC. Rising sales and market share show that customers increasingly see HP's products, particularly its laptops, as cooler, hipper, and just plain better than Dell Inc.'s.

Hurd also has focused on HP's sprawling global operations, using the same marketing strategy it is employing in the U.S. to ramp up consumer sales in emerging markets. In Russia, for example, HP has recently started mass advertising and selling PCs through retailers.

The comeback is reflected in the rankings. HP has gained 9% this year in brand value and 18% since 2005. That follows a 10% slide from 2004 to 2005. What's more, Hurd managed to keep his focus on the business even as his board broke into open warfare following a spying scandal that dominated the business news for several weeks last year.

Burberry

MINING THE PAST TO SEIZE THE FUTURE

WHEN BRITISH SOCCER FANS began donning Burberry hats en masse about five years ago, it became clear that the fashion icon had forfeited some of its prestige. Ditto when a British soap opera star appeared in the tabloids with her new baby swaddled head to toe in the iconic plaid pattern. When holiday sales tanked in 2004, Burberry knew that it was on its way to becoming overexposed. It was time to retrench. Since then, Burberry has walked a careful line: moving beyond plaid without disrespecting its fashion history.

In 2006, to mark its 150th anniversary, Burberry mined its design archives and launched the Icons collection, comprising luxury handbags, shoes, boots, trench coats, and small leather goods. The collection combined the classic Burberry look with such flourishes as quilted linings. Customers applauded. "It's a blend of old and new, functional yet fashionable," says Chief Financial Officer Stacey Cartright.

The Big Winners			
For the second straight year, Google outpaced the pack			
BRAND	2007 BRAND VALUE (\$BILLIONS)	2006 BRAND VALUE (\$BILLIONS)	CHANGE IN BRAND VALUE
GOOGLE	17.84	12.38	44%
ZARA	5.17	4.24	22
APPLE	11.04	9.13	21
NINTENDO	7.73	6.56	18
STARBUCKS	3.63	3.10	17

The Big Losers			
Motorola falls back to earth—and Ford, Gap, and Kodak keep tumbling			
BRAND	2007 BRAND VALUE (\$BILLIONS)	2006 BRAND VALUE (\$BILLIONS)	CHANGE IN BRAND VALUE
FORD	8.98	11.06	-19%
GAP	5.48	6.42	-15
KODAK	3.87	4.40	-12
PIZZA HUT	4.25	4.69	-9
MOTOROLA	4.15	4.57	-9

Meanwhile, Burberry began to do away with lower-end products such as stadium hats and scarves that retailed for less than \$50. Originally these were aimed at winning younger shoppers who would trade up later on. But Burberry decided they undermined the brand and were too easy for counterfeiters to copy.

So far, the new direction is paying off. Burberry shares are up almost 40% in the past year alone, after taking four years to double from the July, 2002, initial public offering. And the company moved up three places in the rankings, to No. 95, and watched its brand value jump 16%. With its brand on the mend, Burberry is branching out into jewelry, such as bracelets that employ leather to mirror the brand's aesthetic, but skip the plaid.

Citibank

STAYING BIG BUT GOING LOCAL

WALL STREET AND SOME institutional investors continue to push for a breakup of Citi, which they say should choose between being an investment bank or a consumer lender. And the stock is still languishing. But while the institutional banking side of the house has suffered setbacks under Citigroup CEO Charles "Chuck" Prince, the retail and consumer side of the business is growing and was the primary driver of global brand value in 2006. In-

deed, Citi posted a 9% gain and held on to its position as the No.11 global brand, thanks to a concerted effort to boost its retail presence.

Citi has long been a familiar brand, but it also shorted customers worldwide on retail services. In the U.S. and abroad, it badly trailed such rivals as Bank of America and even regional banks in terms of branch and ATM locations. What's more, its fees tended to be higher than competitors'.

As it opens thousands of branches worldwide, Citi has been focusing on looking more local. It's a strategy of selling itself as a "neighborhood bank" but one with the resources of the global giant it is, says Ajay Banga, chairman and CEO of the bank's Global Consumer Group.

Citi is going to its customers rather than the other way around. In the U.S. it put ATMs in more than 5,000 7-Eleven stores. In India, it has been opening branches on corporate campuses. In Singapore, its branches and ATMs are appearing in subway stations. Citi's new global ad campaign, "Let's Get It Done," replacing "Live Richly," reflects its focus on consumers' practical banking needs.

Although Citi is widely viewed as a U.S. company, Banga says the goal is to derive 60% of its consumer business outside the U.S. within a few years, from around 45% today. To win over South Indians, it made low-cost loans available to fisherwomen. In Turkey, it dialed down service fees and interest rates on credit cards, so it was no longer the priciest bank despite its premium-brand position. "We learned not to use your brand to stay at the top end of pricing, because it reduces trust," says Banga. ■

—With Burt Helm, Louise Lee, Gail Edmondson, Cliff Edwards, and Mark Scott

BusinessWeek weekend

EXCLUSIVE INTERVIEWS: Chief marketing officers from some of this year's best performers talk about how they manage their brands.

INTERACTIVE TABLE AND SLIDESHOW: Sort and click through the hundred best.

FIRST-TIMERS, HAS-BEENS, AND WANNABES: Read about the companies that are new to the ranking, those that fell off, and which brands are closest to breaking into next year's list. Go to businessweek.com/go/07/bestbrands.

THE 100 TOP BRANDS

Here's how Interbrand calculates the power in a name

INTERBRAND TAKES many ingredients into account when ranking the value of the Best Global Brands. Even to qualify for the list, each brand must derive at least a third of its earnings outside its home country, be recognizable outside of its base of customers, and have publicly available marketing and financial data. Those criteria eliminate heavyweights like Visa, which is privately-held, and Wal-Mart, which sometimes operates under different brand names internationally. Interbrand only ranks the strength of individual brand names, not portfolios of brands, which is why Procter & Gamble doesn't show up. Airlines are not ranked because it's too hard to separate their brands' impact on sales from factors such as routes and schedules. And this year, Interbrand removed pharmaceutical brands from the ranking because consumers typically relate to the product rather than the corporate brand. Insurance companies were

added because they have begun to differentiate themselves and create household names.

BUSINESSWEEK CHOSE Interbrand's methodology because it evaluates brand value in the same way any other corporate asset is valued—on the basis of how much it is likely to earn for the company in the future. Interbrand uses a combination of analysts' projections, company financial documents, and its own qualitative and quantitative analysis to arrive at a net present value of those earnings.

STEP ONE is calculating how much of a company's total sales fall under a particular brand. In some cases the brand encompasses nearly all sales, as with McDonald's. In others it is tied to only one set of products: Marlboro within Altria Group. Using reports from analysts at JPMorgan Chase, Citigroup, and Morgan Stanley, Interbrand projects five years of sales and earnings tied to each brand's products and services.

STEP TWO is calculating how much of those earnings result from the power of the brand itself. To do this, Interbrand strips out operating costs, taxes, and charges for the capital employed to arrive at the earnings attributable to intangible assets. The brand's role is then estimated within those earnings vs. other intangible assets such as patents and management strength.

FINALLY, those future earnings are discounted to arrive at a net present value. Interbrand discounts against current interest rates and also against the brand's overall risk profile to factor in brand strength. Considerations include market leadership, stability, and global reach—or the ability to cross both geographic and cultural borders. The final result values the brand as a financial asset. *BusinessWeek* and Interbrand believe this figure comes closest to representing a brand's true economic worth.

RANK 2007 / 2006	2007 BRAND VALUE \$MILLIONS	2006 BRAND VALUE \$MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
1 1 COCA-COLA	65,324	67,000	-3%	U.S.	Still No. 1, but consumers' shift from soda in the West has hurt Coke. Success with Coke Zero hasn't made up for Coca-Cola Classic's continued loss of share.
2 2 MICROSOFT	58,709	56,926	3%	U.S.	The launch of its Windows Vista operating system, coupled with its Xbox game console, keeps the software giant's latest technology in front of consumers.
3 3 IBM	57,091	56,201	2%	U.S.	Big Blue's ads promise to make customers feel "special." With powerful software, servers, and sophisticated services, it's delivering.
4 4 GE	51,569	48,907	5%	U.S.	With big bets in China and an accelerating push to go green, GE aims to be the earth-friendly global brand.
5 6 NOKIA	33,696	30,131	12%	Finland	Nokia built its brand at both ends of the market, with high-end multimedia handsets for upscale buyers and low-priced phones for emerging countries.
6 7 TOYOTA	32,070	27,941	15%	Japan	Quality concerns have increased overall, but Toyota's reliability and its hybrid strategy are leaving auto rivals trailing.
7 5 INTEL	30,954	32,319	-4%	U.S.	Intel shored up its position as the world's leading chipmaker, but sub-brands such as the Viiv entertainment PC and Core processors failed to resonate.
8 9 MCDONALD'S	29,398	27,501	7%	U.S.	McDonald's continues to move beyond its burgers-and-fries image with a growing selection of healthy foods and stylishly remodeled restaurants.
9 8 DISNEY	29,210	27,848	5%	U.S.	Disney picks franchises it can sell throughout the Magic Kingdom, from movies to theme park rides. The strategy has paid off handsomely.
10 10 MERCEDES-BENZ	23,568	21,795	8%	Germany	New models have helped repair a badly dented reputation for quality, but sales are up only 1.8% for the first half of the year, trailing gains by rivals BMW and Audi.
11 11 CITI	23,443	21,458	9%	U.S.	The folding of the Citi umbrella logo demonstrates that strong brands can transcend their visual identity and continue to add value during transitions.
12 13 HEWLETT-PACKARD	22,197	20,458	9%	U.S.	HP last fall edged out Dell as the world's largest PC maker by market share. Sleek new laptops are helping boost its consumer business.
13 15 BMW	21,612	19,617	10%	Germany	It hit home runs with its revamp of the 3 Series and the Z4 coupe. But with Mercedes on the mend and Audi and Lexus coming on, it can't afford any mistakes.
14 12 MARLBORO	21,283	21,350	0%	U.S.	Its latest brand extension, Marlboro Menthol, is a hit, but smoking bans and the threat of higher taxes have hurt.
15 14 AMERICAN EXPRESS	20,827	19,641	6%	U.S.	Although still the preeminent credit-card brand, American Express' focus on points and co-branded cards could be risky to its long-term brand value.

SpecialReport | Rankings

RANK 2007 / 2006	2007 BRAND VALUE \$MILLIONS	2006 BRAND VALUE \$MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
16 16 GILLETTE	20,415	19,579	4%	U.S.	Gillette owns the men's shaving category by innovating and spending heavily on advertising. Future growth depends on the women's shaving business.
17 17 LOUIS VUITTON	20,321	17,606	15%	France	The world's most powerful luxury brand rolls on, expanding in China and other emerging markets as it introduces Vuitton-branded jewelry and eyewear.
18 18 CISCO	19,099	17,532	9%	U.S.	Although its presence on the Internet is mostly behind the scenes, the networking giant continues to invest in pricey image ads in advance of a bigger push into consumer gear.
19 19 HONDA	17,998	17,049	6%	Japan	Small, fuel-efficient cars and big investments in hybrids, "clean" diesels, and other green technologies make Honda a darling of the environmentalists.
20 24 GOOGLE	17,837	12,376	44%	U.S.	Despite fears of Google's growing power as it moves into services beyond search, the brand still appeals to consumers and businesspeople.
21 20 SAMSUNG	16,853	16,169	4%	S. Korea	Samsung is the leader in LCD panels and now No. 2 in mobile phones. But last quarter's results were tepid and next year could be tougher.
22 21 MERRILL LYNCH	14,343	13,001	10%	U.S.	Merrill's push into private equity and Asia solidifies the firm's position as a global brand that spans brokerage, investment banking, and wealth management.
23 28 HSBC	13,563	11,622	17%	Britain	Despite becoming embroiled in the subprime mortgage mess, global demand for credit cards, mortgages, and loans continues to drive growth.
24 23 NESCAFÉ	12,950	12,507	4%	Switzerland	Expanding beyond instant java, Nescafé is introducing upmarket coffee-based drinks. In Europe, it rolled out Dolce Gusto, a coffeemaking machine.
25 26 SONY	12,907	11,695	10%	Japan	The success of the Sony-Ericsson mobile phones, flat-panel TVs, and digital cameras have helped mitigate a rough start with the Playstation 3.
26 22 PEPSI	12,888	12,690	2%	U.S.	While soft drinks are losing their fizz in the U.S. and Europe, Pepsi remains strong in growing markets such as India.
27 29 ORACLE	12,448	11,459	9%	U.S.	Skeptics had their doubts about Oracle's expensive acquisitions, but the moves seem to be paying off.
28 32 UPS	12,013	10,712	12%	U.S.	Its successful expansion across new markets throughout Europe and Asia is a testament to the consistency, strength, and recognition of "Brown," the brand.
29 31 NIKE	12,004	10,897	10%	U.S.	The innovative Nike+ Web site kept Nike on the cutting edge in sports. Meanwhile, business is up 40% in India, and China is growing fast, too.
30 27 BUDWEISER	11,652	11,662	0%	U.S.	Bud Light sales continued to grow, but the marquee product is under attack from imports and increasingly popular U.S. craft brews.
31 25 DELL	11,554	12,256	-6%	U.S.	While rivals Apple and HP climb, Dell continues to struggle. The company has pledged to shake up its consumer unit, recently launching laptops in bright colors.
32 33 JPMORGAN	11,433	10,205	12%	U.S.	JPMorgan has been critical to the growth of the hedge fund business, making a risky asset class acceptable to risk-averse investors.
33 39 APPLE	11,037	9,130	21%	U.S.	Can you say iPhone? From innovative products to memorable ads, few companies know how to tug the heartstrings of digital consumers the way Apple does.
34 34 SAP	10,850	10,007	8%	Germany	SAP is penetrating the midsize company market, but its image could be hurt by an admission that a U.S. subsidiary improperly downloaded documents from rival Oracle.
35 37 GOLDMAN SACHS	10,663	9,640	11%	U.S.	Goldman maintains its position as Wall Street's gold standard, and leads the pack by raking in investment banking advisory fees and private investments.
36 35 CANON	10,581	9,968	6%	Japan	Technology developments in its pro-level cameras and its computer peripherals are helping Canon keep its advantage against competitors.
37 36 MORGAN STANLEY	10,340	9,762	6%	U.S.	Morgan Stanley is revving up its asset and wealth management services to bring more high-octane investments to wealthy individuals.
38 41 IKEA	10,087	8,763	15%	Sweden	Swedish for style, Ikea has made design affordable for the masses. A renewed push into Japan and expansion in China is fueling growth.
39 42 UBS	9,838	8,734	13%	Switzerland	The "You & Us" brand campaign attracted high-net-worth individuals to its wealth-management business. But the departure of the CEO and subprime woes could hurt this year.
40 40 KELLOGG'S	9,341	8,776	6%	U.S.	Having pledged not to market sugary foods to kids under 12, Kellogg is using its innovation machine to turn out more nutritious products.
41 30 FORD	8,982	11,056	-19%	U.S.	While new CEO Alan Mulally searches for a global CMO, he is selling ill-fitting luxury divisions to concentrate on the Ford brand worldwide.
42 48 PHILIPS	7,741	6,730	15%	Netherlands	After ditching its volatile semiconductors unit, Philips is focused on becoming a health and lifestyle technology powerhouse.
43 44 SIEMENS	7,737	7,828	-1%	Germany	Improved profitability and a more focused corporate structure is offsetting the negative effects of a management turmoil caused by a bribery scandal—for now.
44 51 NINTENDO	7,730	6,559	18%	Japan	The launch of the Wii transformed Nintendo from a quirky also-ran in game consoles into the market's innovation leader.

Special Report | Rankings

RANK 2007 / 2006	2007 BRAND VALUE \$ MILLIONS	2006 BRAND VALUE \$ MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
45 45 HARLEY-DAVIDSON	7,718	7,739	0%	U.S.	Long a brand-management model, Harley is looking to Generation X and Y before baby boomers get too old to mount up.
46 46 GUCCI	7,697	7,158	8%	Italy	It has come a long way from men's loafers, with a fast-growing network of global boutiques selling designer Frida Giannini's knitwear and accessories.
47 NEW AIG	7,490	New	New	U.S.	The insurer is pushing harder to make a name. Its sponsorship of Manchester United puts AIG in front of millions of fans throughout Asia and Europe.
48 47 EBAY	7,456	6,755	10%	U.S.	As its core auction business has slowed, eBay has used savvy advertising like the "It" campaign to keep its brand current.
49 NEW AXA	7,327	New	New	France	A push by this French insurer to raise its profile has paid dividends, as it debuts on the list for the first time this year.
50 49 ACCENTURE	7,296	6,728	8%	Bermuda	Of all of the Western IT services giants, Accenture has done a superior job at using low-cost Indian outfits to accentuate its consulting skills.
51 53 LOREAL	7,045	6,392	10%	France	The global No. 1 beauty-products company is ringing up healthy sales of skin-care products targeting older women, while experimenting with new ideas.
52 50 MTV	6,907	6,627	4%	U.S.	Despite a slip in U.S. ratings and threats from MySpace, MTV continued to be a leader in defining youth culture, thanks to its global presence.
53 54 HEINZ	6,544	6,223	5%	U.S.	By focusing on more individual marketing efforts such as art competitions for ketchup packets, Heinz is giving its brand more personality.
54 56 VOLKSWAGEN	6,511	6,032	8%	Germany	New models are selling in Europe and Asia. But it has to show it can conquer the U.S. market with something besides the aging Beetle.
55 55 YAHOO!	6,067	6,056	0%	U.S.	After losing momentum and a CEO during the past 12 months, Yahoo must retool its search ad business and its brand image as well.
56 57 XEROX	6,050	5,918	2%	U.S.	Investing in research that will help the paper industry better manage forest land is Xerox' attempt to demonstrate environmental responsibility.
57 58 COLGATE	6,025	5,633	7%	U.S.	Going beyond traditional ads and in-store promotions, Colgate has stepped up attempts to build relationships with dental professionals.
58 61 CHANEL	5,830	5,156	13%	France	CEO Maureen Chiquet boosted the consumer-research budget and is targeting younger customers by selling through avant-garde boutiques.
59 59 WRIGLEY'S	5,777	5,449	6%	U.S.	Strong growth in China and extensions into products such as mints and chocolates gave Wrigley's brand a bump.
60 60 KFC	5,682	5,350	6%	U.S.	China has an appetite for fried chicken, and KFC is now the country's biggest and fastest-growing restaurant chain, with 2,000 locations.
61 52 GAP	5,481	6,416	-15%	U.S.	The once-iconic brand failed to offer either the basics or trendy items that customers crave. It's now counting on a former high-end designer to reinvigorate its apparel.
62 65 AMAZON.COM	5,411	4,707	15%	U.S.	Finally viewed by consumers as the superstore it always tried to be, Amazon is adding cool, participatory Web services that may enhance its brand image.
63 63 NESTLE	5,314	4,932	8%	Switzerland	Although best known for chocolate, it's counting on other products, including baby foods and bottled water, to fuel future growth.
64 73 ZARA	5,165	4,235	22%	Spain	The best-known of Spanish parent company Inditex' stable of stylish clothing brands, Zara is opening stores—more than one a day—across the globe.
65 62 AVON	5,103	5,040	1%	U.S.	A dismal 2005 forced the elimination of 25% of its products and seven layers of management, but ad spending got an 83% boost in 2006.
66 68 CATERPILLAR	5,059	4,580	10%	U.S.	In addition to building durable equipment, Caterpillar builds customer loyalty by making service calls no matter how tough or remote the terrain.
67 67 DANONE	5,019	4,638	8%	France	Despite a nasty legal dispute with its Chinese partner, sales of dairy products and bottled water are booming. It sold its cookie business to Kraft Foods.
68 74 AUDI	4,866	4,165	17%	Germany	A slew of dream machines such as the A5 coupe, TT roadster, and R8 sportscar is polishing Audi's image as a serious rival to BMW and Mercedes.
69 71 ADIDAS	4,767	4,290	11%	Germany	Building on a boost from the 2006 World Cup in Germany, Adidas showed it could exploit star endorsers like David Beckham on the internet as well as on TV.
70 64 KLEENEX	4,600	4,842	-5%	U.S.	Because it has failed to articulate a difference between the Kleenex brand and other tissues, consumer demand has been waning.
71 72 ROLEX	4,589	4,237	8%	Switzerland	Still the benchmark for luxury watches, its strong performance in China has further burnished the brand.
72 75 HYUNDAI	4,463	4,078	9%	S. Korea	Having improved the quality and reliability of its cars, Hyundai is pushing to go upscale by introducing premium models.
73 81 HERMÈS	4,255	3,854	10%	France	Playing catch-up with Vuitton, the Paris leather-goods house plans to triple its network of boutiques in China over the next five years.

Special Report | Rankings

RANK 2007 / 2006	2007 BRAND VALUE \$MILLIONS	2006 BRAND VALUE \$MILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
74 66 PIZZA HUT	4,254	4,694	-9%	U.S.	Americans still love pizza, but the chain hasn't been able to differentiate itself effectively from rivals or competing grocery-store pies.
75 80 PORSCHE	4,235	3,927	8%	Germany	The revamped 911 sports car and posh \$70,000 Cayenne SUV have stoked a 10-year winning streak.
76 78 REUTERS	4,197	3,961	6%	Britain	CEO Tom Glocer has turned the venerable news-agency-cum-financial-data-provider around and merged it with Thomson making it a big player in data.
77 69 MOTOROLA	4,149	4,569	-9%	U.S.	Motorola's failure to follow its Razr with another hit cell phone was exacerbated by the death of the company's chief marketer, Geoffrey Frost, in late 2005.
78 77 PANASONIC	4,135	3,977	4%	Japan	Panasonic enjoyed robust sales in the plasma TV category. Improved customer support and product development have also aided the company's turnaround.
79 82 TIFFANY & CO.	4,003	3,819	5%	U.S.	Sales have been hot, thanks largely to cheaper silver jewelry. That could hurt the little blue box's premium cachet.
80 NEW ALLIANZ	3,957	New	New	Germany	It fostered goodwill by plastering its name on a World Cup soccer stadium while sponsoring events such as the 2006 India-Pakistan Cricket Test Series.
81 85 ING	3,880	3,474	12%	Netherlands	Innovative home mortgages and insurance and investment in the Renault F1 team combine a state-of-the-art image with high earnings for this financial institution.
82 70 KODAK	3,874	4,406	-12%	U.S.	In spite of new digital cameras and entering the ink-jet printer business with inexpensive ink technology, the Kodak brand continues to lose luster.
83 86 CARTIER	3,852	3,360	15%	France	Its ultra-premium jewelry and watches are selling briskly. Cartier is also expanding its range of lower-priced goods such as perfume and sunglasses.
84 76 BP	3,794	4,010	-5%	Britain	Oil spills in Alaska and a disastrous 2005 refinery explosion in Texas have undermined the promise of "Beyond Petroleum."
85 87 MOËT & CHANDON	3,739	3,257	15%	France	Product innovations, such as smaller package sizes and a new line of Flower Rosé champagnes, helped keep the sparkle in Moët sales.
86 79 KRAFT	3,732	3,943	-5%	U.S.	Kraft has something in the pantry of 199 out of every 200 homes in America. Problem is, many of these brands—think Jell-o or Velveeta—are old and tired.
87 83 HENNESSY	3,638	3,576	2%	France	Its popularity with hip-hop singers fueled spectacular growth in recent years, but now the cognac needs to find new fans.
88 91 STARBUCKS	3,631	3,099	17%	U.S.	With 2,400 new stores opening globally in 2007, Starbucks continues to make itself the world's ubiquitous coffee shop.
89 84 DURACELL	3,605	3,576	1%	U.S.	World Cup and festival sponsorships have built traction with consumers, but Duracell faces a tough road. Batteries are a commodity category rife with imitators.
90 88 JOHNSON & JOHNSON	3,445	3,193	8%	U.S.	Facing a saturated U.S. market for its famed baby goods, J&J is searching for markets in developing countries such as China and India.
91 93 SMIRNOFF	3,379	3,032	11%	Britain	Despite mixed success with new bottled drinks like Raw Tea and Smirnoff Ice, Smirnoff continues to be the No. 1 vodka brand worldwide.
92 92 LEXUS	3,354	3,070	9%	Japan	New high-powered hybrids keep Lexus at the forefront of the U.S. luxury market, but European and Japan German marques are formidable rivals.
93 89 SHELL	3,331	3,173	5%	Britain	Shell was damaged by a scandal over overstated reserves, but it is back on track in a strong oil market.
94 96 PRADA	3,287	2,874	14%	Italy	Playing on its trendsetting image in Italian-chic bags, shoes, and clothing, Prada is pushing the frontier of brand extension with the LG Prada phone.
95 98 BURBERRY	3,221	2,783	16%	Britain	Revenues and margins are on the rise as the label focuses more on higher-end accessories such as handbags and perfumes, where the margins are big.
96 99 NIVEA	3,116	2,692	16%	Germany	Nivea extended its familiar blue-and-white packaging to new products, such as an anti-cellulite cream, while pushing into emerging countries.
97 94 LG	3,100	3,010	3%	S. Korea	The recent launch of super-premium mobile phones is helping LG make an end run around cost wars.
98 90 NISSAN	3,072	3,108	-1%	Japan	A reliance on larger, less fuel-efficient vehicles has hurt Nissan's environmental credentials, but new models may bolster the company's brand.
99 NEW POLO RL	3,046	New	New	U.S.	On its 40th anniversary, Ralph Lauren's iconic American fashion brand is looking to expand its reach in emerging markets.
100 NEW HERTZ	3,026	New	New	U.S.	After separating Hertz from Ford, private equity owners have been slashing costs. Travel agents and customers are worried the cutbacks could hurt service.

The brand valuations draw upon publicly available information, which has not been independently investigated by Interbrand. Valuations do not represent a guarantee of future performance of the brands or companies.

Data: Interbrand, JPMorgan Chase & Co., Citigroup, Morgan Stanley, BusinessWeek

Bloomberg Businessweek

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Best Global Brands

Gutsy marketers spend into the teeth of a recession. Several of *BusinessWeek's* 100 Best Global Brands are doing exactly that

by Burt Helm

Every time a recession threatens, executives glare at the balance sheet and wonder aloud about one particular expense: brand building. Trimming the marketing budget can seem eminently sensible. After all, doing so won't hurt product quality or, most likely, next week's sales. As the business climate has worsened in recent months, a number of blue-chip companies have announced plans to cut marketing costs, including Coca-Cola (K) and Visa. U.S. automakers have already done so. As have several hard-hit banks.

Then there are the other guys—companies that refuse to let tough times distract them from their long-term brand-building efforts. Sometimes they see a recession as the perfect moment to get a leg up on a weakened rival. Others strengthen their brands to ward off discount competitors. Still others feel they have a knockout new product that requires support. In *BusinessWeek's* annual ranking of the 100 Best Global Brands, several are keeping their U.S. marketing budgets steady, as a percentage of revenue. Among them are American Express (AXP) (No. 15) and Diageo (DGE) (owner of Smirnoff, No. 89). Others are going further. Louis Vuitton (No. 16), Kellogg's (K) (No. 39), Accenture (ACN) (No. 47), and Kleenex (No. 74) are all aggressively boosting their marketing expenditures as a percentage of expected sales. "There's always pressure to cut," says Jez Frampton, chief executive of *Interbrand*, a brand consultancy, which for the eighth year crunched the numbers for our ranking and typically advises clients to spend harder during a recession. Consumers, he argues, "are more conscious they're spending their hard-earned money. It increases what they expect they should receive in return."

History shows that a recession can be an auspicious time to invest in a brand. Some of the most successful brand campaigns in the past six decades began during economically challenged years. Of *Advertising Age's* "Top 100 Ad Campaigns of the 20th Century," fully a quarter that got under way after 1945 did so during recession years. Several of the most effective were launched in the ugly years of 1974 and 1975, when consumer spending tanked and gas and commodity prices soared (sound familiar?). In 1974, for example, BMW introduced itself as "The Ultimate Driving Machine," a slogan that endures to this day and helped turn the German automaker from a niche sports sedan in the minds of American drivers into a top luxury auto brand known for superior engineering in everything from roadsters to SUVs. "I love bad times," says Martin Puris, the adman who came up with the slogan. "In good times, people are less apt to try new things. In bad times, they have to start to do things better."

Still, it requires a gutsy chief marketing officer to ask the boss to invest in something as squishy as brand-building when the economy softens. CEOs typically set marketing budgets as a percentage of expected future revenue, a number that often shrinks in a downturn. Results-hungry investors, meanwhile, want marketing money spent on activities that ring cash registers now, like promotions or coupons. Even the competition can

create temptations to play it safe. Advertisers closely monitor how often their ads appear vs. the competition's. They call this their "share of voice." A pullback by a timid rival gives penny-pinchers an excuse to pull back while still preserving share and save money. And most companies succumb to the pressure. During the last two recessions, in 1991 and 2001, overall ad spending fell.

The choice is even harder in the current environment. Amid tight credit and falling housing prices, consumers are more jittery than they have been since the mid-'70s. And some economists worry consumers are only beginning to feel the real hit to their wallets.

Right now, the smooth talkers on Madison Avenue are out there telling chief marketing officers that it's smart to buy more ads during a recession. The standard argument, summed up in numerous industry-sponsored research reports, goes like this: Since everybody else is pulling back, the gutsy marketer can buy ads on the cheap, grab a larger share of consumers' attention, and subsequently, the logic goes, win greater market share. Then, when the sun comes out and the economy recovers, the brand will ride high as its newfound customers start spending again. The cowardly competition? Forlorn and forgotten.

Real life isn't so simple, of course. Many factors determine whether spending into a downturn will work, not least of which is the quality of the product and the advertising. Plus, the consumer you thought you knew, pre-recession, can be almost unrecognizable. When times get tough, people reexamine old habits and brand loyalties. Their tastes shift dramatically as they cut back. "The rate of change can be phenomenal," says John Hayes, CMO at American Express. In the past year alone, he notes, consumers have far more negative perceptions of debt and spending on themselves.

Many companies that continue to invest in their brands during a downturn are not so much going on the offensive as playing defense. AmEx is no exception. CMO Hayes says he has been "doubling down" in recent months on messages that promote trust and security.

Often a downturn ups the ante in a defensive battle companies have been fighting for years. In such cases, pulling back is a false economy. Take Kellogg's attempt to ward off cheaper private-label cereals while also raising prices to pass along rising commodity costs. In 2000 the company decided to increase its advertising spending to brand Kellogg's cereals as premium products and avoid being commoditized. And despite a mild recession in 2001, Kellogg's stayed the course. In 2007 it spent \$1 billion on advertising for the first time. The strategy so far has worked. In the first six months of this year, Kellogg's was able to pass along higher ingredient costs, while many other food companies couldn't. Second-quarter profits rose 9% and sales 11%, prompting the company to boost its full-year outlook. "We believe it's critical, when the economy gets tougher, that people should be seeing the value of our brands constantly," says Mark Baynes, Kellogg's chief marketing officer. "Brands are much more than flakes in a box."

Kimberly-Clark, which owns the Kleenex brand (No. 74) as well as Huggies diapers and Scott toilet paper, is also playing defense in the U.S. Yes, people buy its products no matter how the economy is doing. But broke consumers could decide they are fine crying into store-brand tissues. To justify charging more than its rivals, Kimberly-Clark is following the usual playbook for packaged-goods companies: creating new iterations of the same product—extra-soft tissues, anyone? It's also trying to forge a more personal connection with consumers by spending heavily online and on TV. "The worst thing you can do," says CEO Tom Falk, "is pull in your brand-building spending and become more of a commodity."

Then there are the companies that go on the marketing offensive. In some cases, they are perfectly suited to

hard times and simply want to remind customers that they represent good value. Wal-Mart Stores ([WMT](#)), for example, has recently upped its advertising spending and returned to selling itself as a champion of the low- and middle-income consumer. McDonald's (No. 8) won't say how much it has spent on marketing in 2008. But since its Olympics ad blowout, it has shifted its focus to bargains on \$1 menu to keep U.S. sales growing.

Some companies, having reached the top, are willing to spend to stay there. Louis Vuitton (No. 16) plans to continue to boost its marketing budget, downturn or not. "We never change the long-term strategy because of short-term problems," says CEO Yves Carcelle. Louis Vuitton's aim is twofold: keeping the aspirational masses hooked on classic luggage and handbags and ensuring that fashionistas continue to see the company as edgy. Louis Vuitton has been pouring money into magazine ads and earlier this year released its first video commercial, which first ran online. The company also ran the 90-second spot—called "Where Will Life Take You?"—on CNN, the BBC, and in movie theaters worldwide. Meanwhile, Louis Vuitton has linked itself to big artists, including Takashi Murakami, with whom it sponsored a traveling exhibit. Global revenue grew 14% during the first six months of 2008.

Even underdogs can show some bite during a downturn. Amid slowing sales in the U.S., Volkswagen (No. 53) is going after a niche its Detroit rivals have pretty much left for dead: minivans. Pushing its new Routan minivan, says VW marketing manager Brian Thomas, strikes at the soft underbelly of his rivals: The Big Three have slashed ad spending on minivans, and the entire industry is running ads promoting fuel efficiency. That makes minivans a comparatively quiet niche, one in which its theoretically easier to grab consumers' attention.

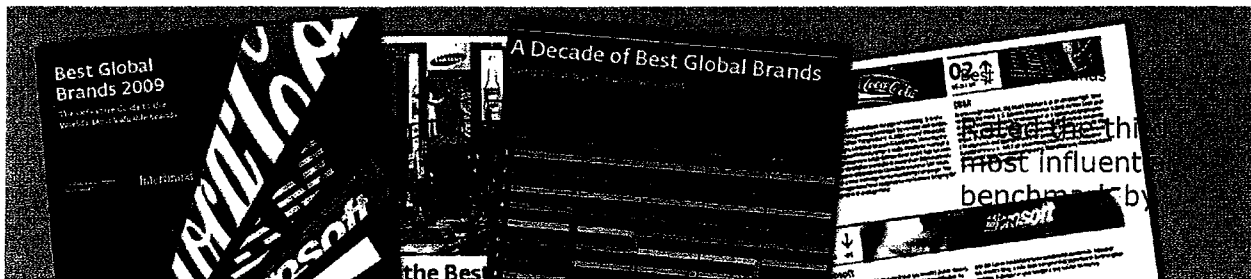
Thomas expects Toyota ([TM](#)) and Honda ([HMC](#)), which sell the popular Sienna and Odyssey minivans, respectively, to keep spending steady on marketing these vehicles. But he thinks a lower price (the Routan starts at \$24,700) and lighthearted commercials starring Brooke Shields will lure first-time buyers. He wouldn't let on how much the company is spending to market the Routan but says the new minivan is getting more money allotted to it than any other VW model in the U.S. "We know that this is a huge growth opportunity for the VW brand," says Thomas. "It's consistent with our overall business plan over the next 10 years." In other words: What recession?

For a look at vintage TV ads aired during recessions, go to businessweek.com/go/tv/ads

[Return to Best Global Brands Table of Contents](#)

With Michael Arndt in Chicago

[Helm](#) is marketing editor for BusinessWeek in New York

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2008 Rank	2007 Rank	Brand	Country of Origin	Sector	2008 Brand Value (\$m)	Change in Brand Value	
1	1		United States	Beverages	66,667	2%	⊕
2	3		United States	Computer Services	59,031	3%	⊕
3	2		United States	Computer Software	59,007	1%	⊕
4	4		United States	Diversified	53,086	3%	⊕
5	5		Finland	Consumer Electronics	35,942	7%	⊕
6	6		Japan	Automotive	34,050	6%	⊕
7	7		United States	Computer Hardware	31,261	1%	⊕
8	8		United States	Restaurants	31,049	6%	⊕
9	9		United States	Media	29,251	0%	⊕
10	20		United States	Internet Services	25,590	43%	⊕
11	10		Germany	Automotive	25,577	9%	⊕

12	12		United States	Computer Hardware	23,509	6%	⊕
13	13		Germany	Automotive	23,298	8%	⊕
14	16		United States	Personal Care	22,689	8%	⊕
15	15		United States	Financial Services	21,940	5%	⊕
16	17		France	Luxury	21,602	6%	⊕
17	18		United States	Computer Services	21,306	12%	⊕
18	14		United States	Tobacco	21,300	0%	⊕
19	11		United States	Financial Services	20,174	-14%	⊕
20	19		Japan	Automotive	19,079	6%	⊕
21	21		Republic of Korea	Consumer Electronics	17,689	5%	⊕
22	New		Sweden	Apparel	13,840	New	⊕
23	27		United States	Computer Software	13,831	11%	⊕
24	33		United States	Computer Hardware	13,724	24%	⊕
25	25		Japan	Consumer Electronics	13,583	5%	⊕
26	26		United States	Beverages	13,249	3%	⊕
27	23		United Kingdom	Financial Services	13,143	-3%	⊕
28	24		Switzerland	Beverages	13,056	1%	⊕

29	29		United States	Sporting Goods	12,672	6%	+
30	28		United States	Transportation	12,621	5%	+
31	34		Germany	Computer Software	12,228	13%	+
32	31		United States	Computer Hardware	11,695	1%	+
33	30		United States	Alcohol	11,438	-2%	+
34	22		United States	Financial Services	11,399	-21%	+
35	38		Sweden	Home Furnishings	10,913	8%	+
36	36		Japan	Computer Hardware	10,876	3%	+
37	32		United States	Financial Services	10,773	-6%	+
38	35		United States	Financial Services	10,331	-3%	+
39	40		United States	Food	9,710	4%	+
40	44		Japan	Consumer Electronics	8,772	13%	+
41	39		Switzerland	Financial Services	8,740	-11%	+
42	37		United States	Financial Services	8,696	-16%	+
43	42		Netherlands	Diversified	8,325	8%	+
44	New		Canada	Media	8,313	New	+
45	46		Italy	Luxury	8,254	7%	+


46	48		United States	Internet Services	7,991	7%	⊕
47	50		United States	Computer Services	7,948	9%	⊕
48	43		Germany	Diversified	7,943	3%	⊕
49	41		United States	Automotive	7,896	-12%	⊕
50	45		United States	Automotive	7,609	-1%	⊕
51	51		France	Personal Care	7,508	7%	⊕
52	52		United States	Media	7,193	4%	⊕
53	54		Germany	Automotive	7,047	8%	⊕
54	47		United States	Financial Services	7,022	-6%	⊕
55	49		France	Financial Services	7,001	-4%	⊕
56	53		United States	Food	6,646	2%	⊕
57	57		United States	Personal Care	6,437	7%	⊕
58	62		United States	Internet Services	6,434	19%	⊕
59	56		United States	Computer Hardware	6,393	6%	⊕
60	58		France	Luxury	6,355	9%	⊕
61	59		United States	Food	6,105	6%	⊕
62	64		Spain	Apparel	5,955	15%	⊕

63	63		Switzerland	Food	5,592	5%	+
64	60		United States	Restaurants	5,582	-2%	+
65	55		United States	Internet Services	5,496	-9%	+
66	67		France	Food	5,408	8%	+
67	68		Germany	Automotive	5,407	11%	+
68	66		United States	Diversified	5,288	5%	+
69	65		United States	Personal Care	5,264	3%	+
70	69		Germany	Sporting Goods	5,072	6%	+
71	71		Switzerland	Luxury	4,956	8%	+
72	72		Republic of Korea	Automotive	4,846	9%	+
73	New		Canada	Consumer Electronics	4,802	New	+
74	70		United States	Personal Care	4,636	1%	+
75	75		Germany	Automotive	4,603	9%	+
76	73		France	Luxury	4,575	8%	+
77	61		United States	Apparel	4,357	-20%	+
78	78		Japan	Consumer Electronics	4,281	4%	+
79	83		Switzerland	Luxury	4,236	10%	+

80	79	TIFFANY & Co.	United States	Luxury	4,208	5%	+
81	74		United States	Restaurants	4,097	-4%	+
82	80	Allianz 	Germany	Financial Services	4,033	2%	+
83	85		France	Alcohol	3,951	6%	+
84	84		United Kingdom	Energy	3,911	3%	+
85	88		United States	Restaurants	3,879	7%	+
86	81	ING 	Netherlands	Financial Services	3,768	-3%	+
87	77		United States	Consumer Electronics	3,721	-10%	+
88	89	DURACELL	United States	Consumer Electronics	3,682	2%	+
89	91		United Kingdom	Alcohol	3,590	6%	+
90	92		Japan	Automotive	3,588	7%	+
91	94	PRADA	Italy	Luxury	3,585	9%	+
92	90		United States	Personal Care	3,582	4%	+
93	New	FERRARI	Italy	Automotive	3,527	New	+
94	New	GIORGIO ARMANI	Italy	Luxury	3,526	New*	+
95	87	Hennessy	France	Alcohol	3,513	-3%	+
96	New		United States	Hospitality	3,502	New	+

97	93		Netherlands	Energy	3,471	4%	
98	96	NIVEA	Germany	Personal Care	3,401	9%	
99	New	FedEx	United States	Transportation	3,359	New*	
100	New	VISA	United States	Financial Services	3,338	New	

*Indicates brands that did not appear in the previous year's top 100 ranking

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Bloomberg Businessweek

Available on the iPad

100 BEST GLOBAL BRANDS September 17, 2009, 5:00PM EST

The Great Trust Offensive

Companies as diverse as McDonald's, Ford, and American Express are revamping their marketing to win back that most valuable of corporate assets

By David Kiley and Burt Helm

"The spark began where it always begins, at a restaurant downtown, in a shop on Main Street," intones a narrator as the camera lingers in a restaurant, bakery, and bike factory. "Entrepreneurs like these are the most powerful force in the economy. As we look to the future, they'll be there ahead of us." The music swells, and the narrator concludes: "While we're sure we don't know all the answers, we do know one thing for certain. We want to help."

The commercial, which began airing across the U.S. this summer, was developed by Ogilvy & Mather for American Express (AXP). Its mission: to cast AmEx not as a financial titan but as a humble service provider assisting mom and pops—establishments consumers typically like to support. AmEx, its gold-plated reputation tarnished by subprime bets, wants to regain the trust of its customers.

In the world of branding, trust is the most perishable of assets. Polling in recent months shows that increasing numbers of consumers distrust not just the obvious suspects—the banks—but business as a whole. In a phone survey conducted from May 26 to July 3 by public relations firm Edelman, only 44% of Americans said they trusted business, down from 58% in the fall of 2007. The shift in sentiment is forcing companies from Ford Motor (F) to AmEx to tweak marketing and focus on rebuilding credibility. "Trust is what drives profit margin and share price," says Larry Light, CEO of the Stamford (Conn.) brand consultancy Arcature and a veteran of McDonald's (MCD) and ad agencies BBDO Worldwide and Bates Worldwide. "It is what consumers are looking for and what they share with one another."

Not long ago, trust and reputation were the domain of the PR department. Marketing executives, by contrast, pushed products and brands using the classic Procter & Gamble (PG) two-step: spending huge sums to maintain "share of voice"—marketing speak for outspending rivals to drive brand awareness—and endlessly reminding consumers of the "unique selling proposition" (Tide won't fade colors).

A NEW DAY

That approach doesn't work so well now—and not just because recession, job insecurity, and hammered home values have made consumers disinclined to part with their coin. The days of consumers passively absorbing a TV commercial—or, for that matter, a banner ad—are over. People research purchases as never before, and they read peers' opinions about brands and products. Meanwhile, the Web and smartphone have given companies a cheap way to reach consumers and adjust their message on the fly. That, says Light, is why "share of voice and unique selling propositions are easily copied by competitors."

Even before the economic meltdown, companies with trust issues began realizing they couldn't keep talking past the problem with slick television commercials. One of those companies was McDonald's, long vilified for serving

unhealthy food. Global Chief Marketing Officer Mary Dillon says McDonald's made a tactical decision to enter the conversation. "Trust and transparency [are] more important to us than ever," she says.

After years of fending off—or ignoring—critics, McDonald's has begun working with them. Following pressure from the People for the Ethical Treatment of Animals, McDonald's used its influence to force egg suppliers to raise the living standards of hens and cease debeaking them. PETA has publicly lauded the company for its efforts. The company declined to fight New York City's law forcing restaurants to post calorie counts on menus and says it supports making the rule national. Of course, McDonald's hasn't completely won over its critics. It is currently at an impasse with PETA, which wants U.S. poultry suppliers to stop using an electric jolt to kill chickens.

The fast-food giant, aware that many consumers still consider its food junk, talks constantly about the quality of its products, slicing off a chunk of its ad budget to focus on how it sources food. "We use 100% beef in every burger, and there's no percent better than that," reads one ad. The company's "Food, Nutrition & Fitness" Web site invites visitors to "meet" and "go behind the scenes with" the chain's beef, vegetable, chicken, and egg suppliers.

It's true that McDonald's cheap eats have helped it prosper during the recession and boosted the value of its brand. But its overall image appears to have improved, too. According to the global consulting firm Reputation Institute, McDonald's score, on a scale of 100, has climbed eight points since 2007, one of the fastest gainers, though its 63 remains slightly below average for all companies.

Auto brand stewards typically spend most of their money pushing new models. Ford Motor marketing chief Jim Farley is doing that. But he is also trying to build credibility by telling the world at large how well-managed Ford is (the implicit message being that Ford is better run than GM and Chrysler, which took taxpayer money to survive). Most car buyers are small business owners or employees, Farley notes, and have strong opinions about how companies are managed. "They will trust a company they believe is run really well," he says.

Ford has diverted money usually spent on vehicle discounts and used it to pump up the PR budget. A staffer, assigned to social networking full-time, generates a firehose of messages about Ford. These include the usual superlatives about the vehicles: their quality, style, fuel economy, and so forth. But the automaker's better-than-expected earnings have also been getting a relentless airing via Facebook, Twitter feeds, and sundry blogs. Communications staffers, meanwhile, are mining the company for stories that reflect how the company is being run more intelligently than its rivals—including its push to save costs by making one car for multiple markets. "Maintaining our independence from government ownership was a huge point of pride and fed into our guiding idea of a professionally run company," says Farley.

Ford's current ads, meanwhile, look nothing like previous campaigns. Gone are the warm, fuzzy, and inspirational commercials celebrating the American dream and hard work. The company no longer mines its 105-year history the way it used to, when it featured Chairman Bill Ford talking about innovation against archival footage of Model Ts and Henry Ford. Instead, the automaker is targeting consumers' rational left brain, relentlessly pushing themes that inspire street cred: new technology, fuel economy, quality scores. Farley says he has had to stare down colleagues and dealers complaining that the advertising is insufficiently uplifting. But he insists the new approach is working. Ford's retail market share is up 1 percentage point this year. Meanwhile, Ford is now spending \$1,800 less on incentives per car than it did a year ago, and consumers are forking over on average \$1,300 more for Ford models—a combination that drives the leading booster of customer trust: resale value.

Ford has a pretty good story to tell. Financial firms don't. And sometimes the first instinct is to duck. Randall Beard, who until recently was chief marketing officer at UBS's (UBS) private wealth management group, recalls sitting at a strategy session last December when a senior executive said: "Our first strategy should be to try and stay out of the headlines." It didn't take a PhD in communications to know that wouldn't fly. Instead, Beard says, he tried to persuade the bank to be more transparent and open. Consumers are telling companies "in a thousand ways," says Beard, "that if you aren't open with me, then I won't trust you." It gets to be counterproductive to fight that, says Beard, who has since left the company, because "it's really easy for consumers to check and verify a company's behavior to find out if a company's actions match its words." UBS says it has armed staff with answers to potential queries from clients and set up a section on its Web site dedicated to explaining the U.S. Justice Dept.'s tax investigation into the company.

AmEx, as a consumer brand, had little choice but to rebuild its relationship with customers. The card issuer, which traditionally has targeted a more affluent demographic, has long had an image advantage over rivals Visa (V) and MasterCard (MA). That reputation was dented when it became clear that AmEx, like everybody else, had issued cards to risky borrowers.

Chief Marketing Officer John D. Hayes invited sales executives from three groups—consumer, small business, and the merchant services, which collects transaction fees when cards are swiped—to brainstorm a campaign about trust and caring that would reach all of their customers at once. The insight: Many of AmEx's merchant clients were small businesses. And average cardholders feel good about patronizing small businesses. That led to the television campaign.

At the end of the commercials, viewers are invited to visit Openforum.com, an AmEx Web site that provides tips for small businesses. AmEx is also co-sponsoring NBC Universal's "Shine a Light," a contest in which people send in stories about their favorite neighborhood business. The winning business gets \$100,000 in marketing support. AmEx spokesperson Ellen DeGeneres promoted it and tweeted about it, reaching her 3 million-plus followers. "There are a lot of people concerned about what's happening to these storefronts," says Hayes. "We're not only saying we serve those people, it's demonstrating we've got their best interest in mind."

Will the trust offensive work? Image counselors caution executives to stay relevant to the current mood or risk being seen as spin merchants. "The AmEx ads should resonate because merchants, especially during a recession, want some form of acknowledgement that they are the economy's engine, not cultural villains," says crisis management consultant Eric Dezenhall. But he warns: "Trust-related marketing only works if there is a message that people want to believe in. You cannot spin an audience that doesn't want to be spun."

BUSINESS EXCHANGE: READ, SAVE, AND ADD CONTENT ON BW'S NEW WEB 2.0 TOPIC NETWORK

Shifting Priorities

In Reputation Institute's latest Global Reputation Pulse study, ethics and transparency rose in importance to their highest levels ever. Good governance—characteristic of "a responsibly run company that behaves ethically and is open and transparent in its business dealings"—moved from the No. 4 driver of reputation in 2007 to No. 2 this year.

To read an excerpt from the study, go to <http://bx.businessweek.com/reputation-management/>

[Return to 100 Best Brands Table of Contents](#)

Kiley is a senior correspondent in BusinessWeek's Detroit bureau. Helm is marketing editor for BusinessWeek in New York.

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2001 ranking











MEDIA & GENERAL
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















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2009 rankings


















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2009 Rank	2008 Rank	Brand	Country of Origin	Sector	2009 Brand Value (\$m)	Change in Brand Value	
1	1		United States	Beverages	68,734	3%	[+]
2	2		United States	Computer Services	60,211	2%	[+]
3	3		United States	Computer Software	56,647	-4%	[+]
4	4		United States	Diversified	47,777	-10%	[+]
5	5	NOKIA	Finland	Consumer Electronics	34,864	-3%	[+]
6	8		United States	Restaurants	32,275	4%	[+]
7	10		United States	Internet Services	31,980	25%	[+]
8	6		Japan	Automotive	31,330	-8%	[+]
9	7		United States	Computer Hardware	30,636	-2%	[+]
10	9		United States	Media	28,447	3%	[+]
11	12		United States	Computer Hardware	24,096	2%	[+]

12	11		Germany	Automotive	23,867	-7%	⊕
13	14		United States	Personal Care	22,841	4%	⊕
14	17		United States	Computer Services	22,030	3%	⊕
15	13		Germany	Automotive	21,671	-7%	⊕
16	16		France	Luxury	21,120	-2%	⊕
17	18		United States	Tobacco	19,010	-11%	⊕
18	20		Japan	Automotive	17,803	-7%	⊕
19	21		Republic of Korea	Consumer Electronics	17,518	-1%	⊕
20	24		United States	Computer Hardware	15,433	12%	⊕
21	22		Sweden	Apparel	15,375	11%	⊕
22	15		United States	Financial Services	14,971	-32%	⊕
23	26		United States	Beverages	13,706	3%	⊕
24	23		United States	Computer Software	13,699	-1%	⊕
25	28		Switzerland	Beverages	13,317	2%	⊕
26	29		United States	Sporting Goods	13,179	4%	⊕
27	31		Germany	Computer Software	12,106	-1%	⊕
28	35		Sweden	Home Furnishings	12,004	10%	⊕

29	25		Japan	Consumer Electronics	11,953	-12%	⊕
30	33		United States	Alcohol	11,833	3%	⊕
31	30		United States	Transportation	11,594	-8%	⊕
32	27		United Kingdom	Financial Services	10,510	-20%	⊕
33	36		Japan	Computer Hardware	10,441	-4%	⊕
34	39		United States	Food	10,428	7%	⊕
35	32		United States	Computer Hardware	10,291	-12%	⊕
36	19		United States	Financial Services	10,254	-49%	⊕
37	37		United States	Financial Services	9,550	-11%	⊕
38	38		United States	Financial Services	9,248	-10%	⊕
39	40		Japan	Consumer Electronics	9,210	5%	⊕
40	44		Canada	Media	8,434	1%	⊕
41	45		Italy	Luxury	8,182	-1%	⊕
42	43		Netherlands	Diversified	8,121	-2%	⊕
43	58		United States	Internet Services	7,858	22%	⊕
44	51		France	Personal Care	7,748	3%	⊕
45	47		United States	Computer Services	7,710	-3%	⊕


46	46		United States	Internet Services	7,350	-8%	⊕
47	48		Germany	Diversified	7,308	-8%	⊕
48	56		United States	Food	7,244	9%	⊕
49	49		United States	Automotive	7,005	-11%	⊕
50	62		Spain	Apparel	6,789	14%	⊕
51	61		United States	Food	6,731	10%	⊕
52	57		United States	Personal Care	6,550	2%	⊕
53	55		France	Financial Services	6,525	-7%	⊕
54	52		United States	Media	6,523	-9%	⊕
55	53		Germany	Automotive	6,484	-8%	⊕
56	59		United States	Computer Hardware	6,431	1%	⊕
57	42		United States	Financial Services	6,399	-26%	⊕
58	63		Switzerland	Food	6,319	13%	⊕
59	60		France	Luxury	6,040	-5%	⊕
60	66		France	Food	5,960	10%	⊕
61	64		United States	Restaurants	5,722	3%	⊕
62	70		Germany	Sporting Goods	5,397	6%	⊕

63	73	 BlackBerry	Canada	Consumer Electronics	5,138	7%	⊕
64	65	 YAHOO!	United States	Internet Services	5,111	-7%	⊕
65	67	 Audi	Germany	Automotive	5,010	-7%	⊕
66	68	 CATERPILLAR	United States	Diversified	5,004	-5%	⊕
67	69	 A V O N	United States	Personal Care	4,917	-7%	⊕
68	71	 ROLEX	Switzerland	Luxury	4,609	7%	⊕
69	72	 HYUNDAI	Republic of Korea	Automotive	4,604	-5%	⊕
70	76	 HERMÈS PARIS	France	Luxury	4,598	1%	⊕
71	74	 Kleenex	United States	Personal Care	4,404	-5%	⊕
72	41	 UBS	Switzerland	Financial Services	4,370	-50%	⊕
73	50	 Harley-Davidson	United States	Automotive	4,337	-43%	⊕
74	75	 Ferrari	Germany	Automotive	4,234	-8%	⊕
75	78	 Panasonic	Japan	Consumer Electronics	4,225	-1%	⊕
76	80	 TIFFANY & Co.	United States	Luxury	4,000	-5%	⊕
77	79	 Cartier	Switzerland	Luxury	3,968	-6%	⊕
78	77	 GAP	United States	Apparel	3,922	-10%	⊕
79	81	 McDonald's	United States	Restaurants	3,876	-5%	⊕

80	92		United States	Personal Care	3,847	7%	⊕
81	82		Germany	Financial Services	3,831	-5%	⊕
82	83		France	Alcohol	3,754	-5%	⊕
83	84		United Kingdom	Energy	3,716	-5%	⊕
84	89		United Kingdom	Alcohol	3,698	3%	⊕
85	88		United States	Consumer Electronics	3,563	-3%	⊕
86	98		Germany	Personal Care	3,557	5%	⊕
87	91		Italy	Luxury	3,530	-2%	⊕
88	93		Italy	Automotive	3,527	0%	⊕
89	94		Italy	Luxury	3,303	-6%	⊕
90	85		United States	Restaurants	3,263	-16%	⊕
91	New		France	FMCG	3,235	New	⊕
92	97		Netherlands	Energy	3,228	-7%	⊕
93	New		United States	Restaurants	3,223	New*	⊕
94	100		United States	Financial Services	3,170	-5%	⊕
95	New		United States	Computer Software	3,161	New	⊕
96	90		Japan	Automotive	3,158	-12%	⊕

97	New		Germany	Sporting Goods	3,154	New	
98	New		United Kingdom	Luxury	3,095	New*	
99	New		United States	Luxury	3,094	New*	
100	New		United States	FMCG	3,081	New	

*Indicates brands that did not appear in the previous year's top 100 ranking

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Among the first timepieces created to be worn on the wrist, **Rolex** watches have been a status symbol-and a collector's item-for more than a century

From the red carpet to the wrists of rap stars, **Rolex** is recognized as the ultimate symbol of luxury and one of the finest Swiss watches-even though its origins are not Swiss. The brand dates back to 1905, when Hans Wilsdorf of Kulmbach, Germany, opened Wilsdorf & Davis watchmakers in London. At the time, men's fashion favored large-face pocket watches, but Wilsdorf became obsessed with creating movements small enough to be worn on the wrist. So in 1908, inspired by the sound a watch makes when wound, Wilsdorf trademarked the name **Rolex**, which was both easy to pronounce in many languages and short enough to fit on a watch face. Within two years Wilsdorf created the world's first dust- and waterproof timepiece and was awarded the first wristwatch chronometer rating by the School of Horology in Geneva. In 1926 he devised the first airtight, element-proof mariner's watch, which resembled a submarine hatch. According to **Rolex** lore, Wilsdorf called the new watch the Oyster after having difficulty opening one of the mollusks at a black-tie dinner party.

In 1927 Wilsdorf, never one to shy from promotion, gave an Oyster to Mercedes Gleitze, who wore it to swim across the English Channel. The Oyster Perpetual broke the sound barrier with Chuck Yeager in 1947 and reached the peak of Everest with Edmund Hillary in 1953. **Rolex** is still considered the gold standard among watch collectors. After all, nothing says you've made it like a **Rolex**.

PHOTO (COLOR): 1 Roger Moore in Live and Let Die

PHOTO (COLOR): 2 Jessica Simpson, left, shows off the **Rolex** given to her by sister Ashlee

PHOTO (COLOR): 3 Sammy Davis Jr. in the early '80s

PHOTO (COLOR): 4 Clint Eastwood at a 1996 Film Society gala honoring his work

PHOTO (COLOR): 5 Announcement in the Nov. 24, 1927, London Daily Mail

PHOTO (COLOR): 6 **Rolex** ambassador Roger Federer

PHOTO (COLOR): 7 A gold **Rolex** believed to have been given to President John F. Kennedy by Marilyn Monroe

PHOTO (COLOR): 8 The 1926 Oyster, the world's first truly waterproof watch, left, and a modern Oyster Perpetual Datejust

PHOTO (COLOR): 9 A 1953 Submariner, conceived for divers

In good time.

Forbes; 10/8/2007 Forbes Life Executive, Vol. 180, p46-46, 1p

What's on Wall Street's watch list

Today, Wall Street's women want watches that show just how far they have come. Discreet timepieces with black leather straps are no longer de rigueur as more women reach the financial world's upper tiers. "If you're meeting a client for lunch, you still may not want to flash a lot of bling, but diamonds on a bezel are increasingly common," says Lori Adams, a spokeswoman for Cellini, the watch retailer that's a favorite with the Midtown financial crowd. Women on trading desks embrace their inner alpha male through their watch selections. "I love finding a great man's-style watch, with lots of features and a big dial--it makes me feel like a master of the universe," says a trader at one Wall Street proprietary trading desk. Top-end mechanical watches, once designed solely for men, are yet another way to splurge. Some senior women still cling to the *Rolex* Oyster Perpetual that got them where they are today. "Timing and reliability are vital in this business, and this watch is indestructible and reliable," says Blythe Masters, head of JPMorgan Chase's global commodities business. At right, a selection of new watches likely to appeal to the bonus crowd.

WOMEN TRADERS AT BEAR STEARNS OPT FOR THE JAEGER-LeCoultre REVERSO LADY

AT LEHMAN BROTHERS BANKERS INCREASINGLY SPORT THE CARTIER SANTOS DEMOISELLE

YOUNGER FEMALE BANKERS AND TRADERS AT MORGAN STANLEY ARE SNAPPING UP THE HIPSTER CHANEL J12, PREFERABLY IN WHITE CERAMIC

MONEY MANAGERS AT JPMORGAN CHASE AND BANK OF AMERICA FAVOR THE CARTIER ROADSTER

From top: Chopard 18k white-gold watch with diamond bezel and mother-of-pearl dial, \$17,990; Gucci stainless steel G Metro watch with silver dial, \$950; La Doña de Cartier watch in stainless steel, \$4,600; Parmigiani Kalpa Donna stainless steel watch with diamonds, \$7,300; Tiffany Grand stainless steel watch, \$3,100. For details, see Where to Buy, page 131.

Having It: Desire Bides Its Time

*Stephan Talty. New York Times. (Late Edition (East Coast)). New York, N.Y.: Oct 18, 1998.
pg. 9.1*

RAISED working-class, I've often experienced pangs of hot guilt over my desires -- not the sexual ones, the retail ones. Whenever I buy something expensive and wholly unnecessary, I make a vow to do more for the struggling classes, to donate the clothes in the back of my closet to the Salvation Army and to clean my apartment thoroughly.

Put it this way: a while ago, I bought a Rolex. Today, I'm a Catholic Big Brother.

I accepted the penance (and my impish Little Brother, Angel) because I have felt my Rolex Datejust and I were bound by fate. There are books you must read in your life, and cities you must travel to and a few things you must own. A Rolex was on top of my list for three decades.

For years, I waited. I had student loans to pay and, besides, I was a struggling freelance writer who did legal proofreading at night. A bright, shiny Rolex would have mocked me every day of my penurious existence. So I postponed my dream of owning one.

But I did become a student of the watch and its role in the world. Probably too serious a student, looking back.

Rolex's significance to people everywhere is obvious. Nice houses, German sedans and Paris vacations are all well and good, but the Swiss watch remains the premier mainstream symbol of Really Making It in this country. Rappers rap about their diamond-encrusted ones; football players buy one the first day after they're picked high in the draft. And Wall Street is still loyal to the five-pointed crown. Rolex is the main noun in the international language of success.

Several years ago, my father came to New York for a visit. We never saw the Statue of Liberty, but I did buy him a fake Rolex from the African vendors who hawk them near the Liberty Island ferry slip in lower Manhattan. Even though it cost only \$25, my father wears his Rolex only on special occasions, like weddings. Even if it's fake, it was made in the image of something not fake -- something that has deep secular significance to him.

A Rolex meant more to me than middle-class aspiration: it is a man's watch first. Growing up, its mythology was all around me. James Bond wore one, which doomed a fan like me to imagine that the watch was a necessary accessory for any he-man exploits. Foreign correspondents propped before exotic desert locations tend to wear the fat Submariner model. People who set world records, or die trying, favor the Explorer II.

Plus, a Rolex is international currency: You can sell one for emergency cash in Morocco or Zanzibar (or in Vegas for a gambling stake, as Tom Cruise does in "Rainman"). If you need a gallon of gasoline to get across the last stretch of desert, how are you going to haggle with some fussy little timepiece in your hand? Most Tuaregs I know don't mess with Patek.

The drawback, of course, is the watch's history as the official watch of the ruling class, the bauble of the robber barons and the rich boys at college who drove from Chemistry to Romantic Lit in their Jags. I just had to believe my personality would overcome the watch's dark side.

Maybe it was me, but Rolex popped up everywhere in my life. In my favorite television show of all time, "Tales of the City," a nurse shows off the watch her beau just gave her. "Tag or a Rolex?" shouts another nurse excitedly.

I understood the question: my watch at that time was a Tag Heuer, a fine sports timepiece, but I knew it was just a substitute, a look-alike, warming up my wrist for the daddy of all watches. That nurse was right: a Tag meant one thing ("Thanks for last night, hot stuff"), a Rolex another ("Marry me?").

The Rolex's power is such that it even attracts people who have no real clue about why they want to own one. I was watching a "20/20" episode inspired by "The Millionaire Next Door," the best-selling book about extremely thrifty rich people. Tom Stanley, its author, told the "20/20" correspondent, "The typical millionaire in the United States never spent more than \$235 for the most expensive watch."

But the newswoman spotted something on the wrist of one thrifty millionaire named John Shmilenko. She zeroed in: "Well, that's got to cost a lot of money!" she said triumphantly. But Mr. Shmilenko was ready. "Well, actually, it cost \$25," he answered. "I bought it in Mexico. It's a fake Rolex."

Only in America would a millionaire wear a fake Rolex instead of a Casio.

One cultural phenomenon struck me through my years of preparation: Rolex's resistance to mass-marketization. Once the masses discover an ornament of the wealthy, rich people practically throw it off their bodies as if it were made of garlic -- or polyester. But the Rolex has been the exception to the rule.

Collectors and watch-heads prefer Patek Philippe (30,000 hand-finished watches a year, versus Rolex's mass-produced 800,000 units). Still, there has been no shunning of the watch in high places. It's still a high-roller's choice and part of the stockbroker's uniform. Even as the market falls, it is a reminder of the opulent 90's -- and a pagan amulet against the bear.

Finally, three years ago, I received a substantial check from a magazine. My student loan was paid off. I owned an inexpensive co-op. I had no relatives who needed to be bailed out. At long last, I was ready.

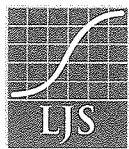
Now, I entered the shops I had only ferociously window-shopped before. I rolled the nautical Rolex vocabulary across my tongue with salesmen: Oyster and Sea-Dweller and Submariner. At a posh Upper East Side shop, I chose the classic stainless-steel Datejust. When the salesman told me it was "a good beginner Rolex," I stared him down, then took my business elsewhere. The idea of a beginner Rolex was too obscene even for me.

I bought my Datejust elsewhere (for a rock-bottom \$2,100), and it was the cleanest looking thing I had ever seen. The watch seems to defy the dust and grime and the dark end of the light spectrum. Its fanatically polished steel blasts away the city's grime; it catches the sun's rays and refracts them into bursts and shooting lances of light, like Bilbao.

Yeah, I said it: My Rolex is like Bilbao. It is beautiful in itself, beyond the world's evaluation.

When I returned home and showed my dad my Datejust, he looked at me feelingly. "I always knew one day one of my sons would own a Rolex," he said. I'm planning on buying Dad the real thing if I ever hit the really big time.

As for me, I'll probably die with this one on. Unashamed.



LEO J. SHAPIRO & ASSOCIATES LLC.

ROLEX WATCH USA, INC.

V.

AFP IMAGING CORPORATION

A STUDY OF LIKELIHOOD OF DILUTION

March 2010

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND	1
II. INTRODUCTION	2
III. METHODOLOGY	3
IV. RESULTS	11
V. CONCLUSIONS AND OPINIONS	20

APPENDIX A

- Philip Johnson Curriculum Vitae
- Recent Cases In Which Philip Johnson Testified

APPENDIX B

- Questionnaire
- Exhibits

APPENDIX C

- Validation Summary

DECLARATION OF PHILIP JOHNSON

I, Philip Johnson, state as follows:

I. BACKGROUND

1. I am Chief Executive Officer of Leo J. Shapiro and Associates, Inc., a Chicago-based market research and consulting firm that conducts surveys.
2. I have been with this firm since 1971. Over the past 39 years, I have designed and supervised hundreds of surveys measuring consumer behavior, opinion, and beliefs concerning brands and products, employing a wide range of research techniques. I have given lectures before the American Bar Association (ABA), the Practising Law Institute (PLI), the American Intellectual Property Law Association (AIPLA), and the International Trademark Association (INTA) on the use of survey research in litigation. I am a member of the American Marketing Association (AMA), the American Association for Public Opinion Research (AAPOR), and the International Trademark Association (INTA). I have a B.S. degree from Loyola University and an M.B.A. degree from the University of Chicago. A description of my background and a list of cases in which I have offered survey evidence during the past four years are attached to Appendix A of this Declaration.

II. INTRODUCTION

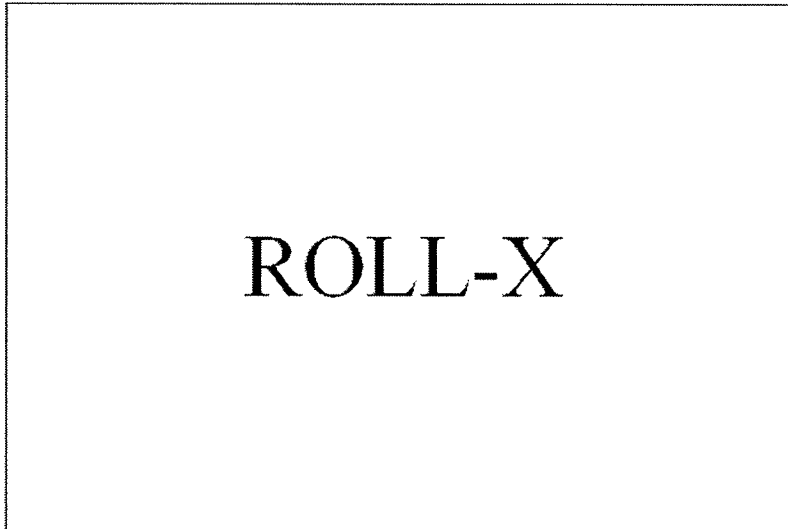
3. During November 2009, I was retained by counsel from the law firm, Gibney Anthony & Flaherty L.L.P., on behalf of its client, Rolex Watch USA, Inc. ("Rolex"). Counsel informed me of a dispute that has arisen between AFP Imaging Corporation ("AFP"), on the one hand, and Rolex, on the other hand. It is my understanding that AFP has filed an application with the Patent and Trademark Office to register the word mark "ROLL-X" in connection with x-ray tables. Rolex is concerned that AFP's use of the "ROLL-X" name will cause dilution of its famous Rolex trademark.
4. Counsel asked whether I could design and conduct a study that would explore the extent, if any, to which healthcare professionals, who purchase x-ray tables would think of the Rolex trademark and/or its products when encountering an x-ray table called "ROLL-X." Such a false association would mean that the Rolex trademark would likely be diluted by the use of the "ROLL-X" name for x-ray tables. I agreed and proceeded to design and conduct such a study. What follows is a report on the design, execution, and results of this research, as well as the conclusions that one can draw from this measurement.

III. METHODOLOGY

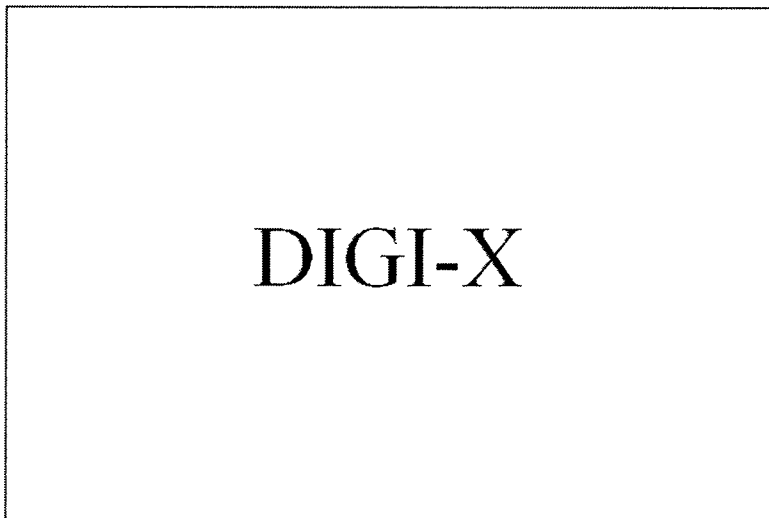
5. Telephone interviews were conducted between November 19, 2009 and February 5, 2010 with animal health professionals (e.g., veterinarians, veterinary technicians, office managers, etc.) who are responsible for making the decision about purchasing x-ray tables. A total of 301 interviews were conducted in this research study using a random probability sample of veterinary clinics located across the United States. This national sample of veterinary clinics was provided by SK&A Information Services, Inc., a company that specializes in supplying healthcare provider samples for research purposes.
6. The survey employed both a “test” cell and a “control” cell. Two thirds of the interviews (200 cases) were conducted in the test cell, and one third of the interviews (101 cases) were conducted in the control cell. Each respondent was randomly assigned to either the test cell (i.e., viewed only the test cell exhibit) or the control cell (i.e., viewed only the control cell exhibit).
7. The test cell exhibit bears the name “ROLL-X” while the control cell exhibit bears the name “DIGI-X.” I selected “DIGI-X” as the control cell name because it shares a similar format to “ROLL-X” (i.e., four letters hyphen “X”) but does not contain the “ROLL” portion of the name.

8. Reduced size images of the exhibits are shown below:

Test Cell Exhibit



Control Cell Exhibit



9. This use of both a test cell and control cell is the preferred survey methodology because there is a certain amount of error in any survey measurement that can be caused by sample error, guessing, the design of the study, or the construction of the questions asked. It is important to exclude these forms of error from the study results when assessing the degree of dilution that may be present. The methodology used in this study allows one to accurately isolate and assess the effects of the test cell word mark on likelihood of dilution. Operationally, this is accomplished by subtracting the proportion of control cell respondents who falsely associate the Rolex trademark with “DIGI-X” from the proportion of test cell respondents who falsely associate the Rolex trademark with “ROLL-X.”
10. This study was designed to assess the likelihood of dilution. In order to accurately measure likelihood of dilution, it is necessary to separate those who are likely to be confused as to source from those who do not believe that the product or service comes from the senior user, but nonetheless associate the product or service in question with the senior user and specifically do so because of the element in question. Such a measurement produces an accurate assessment of the likelihood of dilution through blurring. This protocol follows the methodology used in the Nike, Inc. vs. Nikepal International, Inc. case.¹
11. In disputes about likelihood of confusion and dilution, the appropriate universe for the survey is the late comer’s (i.e., junior user’s) market. In his treatise, Dr. Thomas

¹ Nike, Inc. v. Nikepal International, Inc., 84 U.S.P.Q.2d 1820 (E.D. Cal. 2007).

McCarthy states that when designing a study to measure likelihood of confusion, the proper universe is potential consumers of the junior user's goods or services²:

"In a traditional case claiming 'forward' confusion, not 'reverse' confusion, the proper universe to survey is the potential buyers of the junior user's goods or services."

12. It is my understanding that Veterinary Medicine is a primary target for AFP's x-ray table product line. In order to reach a representative segment of AFP's (the junior user's) x-ray table marketplace, qualified respondents were animal health professionals working at veterinary clinics, who are decision makers about which x-ray tables to purchase. The screening interview proceeded as follows:

Question I:

"Do you use x-ray tables at your facility?"

Question II:

"Are you the person at your facility who is most responsible for making the decision about which particular x-ray table to purchase?"

Question III:

"And what is your job title?"

13. Each screened and qualified respondent was then told:

"Before we begin, I would like you to know that the interview will take about 5 minutes of your time. If you qualify and complete the entire study, we will send you or your favorite charity a \$30 honorarium as a token of appreciation for your cooperation. I would like you to know that your answers and identity will be kept strictly confidential. As we go through the study, I will be asking you some questions. If you do not know the answers to any of the questions, it is okay to say

² McCarthy, J. Thomas. 2000. McCarthy on Trademarks and Unfair Competition, Volume 6, 32:159.

so. Please do not refer to any materials or literature in your office while answering these questions.”

14. Qualified respondents were then asked to log onto the Internet to view the exhibit. If the respondent did not have Internet access, the interview was terminated. Respondents were directed to either the test cell URL or the control cell URL:

“I am going to ask you to log onto the Internet. Please have your computer on and accessible during the interview.

First, please enter the following URL into your web browser:

<http://surveycenteronline.com/equipmentmm>

OR

<http://surveycenteronline.com/equipmentbb>

Let me know when you are there.”

Question 1:

“Can you clearly see the name on your computer screen?”

15. If the respondent could clearly see the name on his/her computer screen, the interview continued. Each respondent was then asked his/her belief about source. In order to understand the basis for their beliefs as well as exactly what company or source they are referring to, respondents were then asked an open-ended question that allowed them to explain their answers in their own words.

Question 2a:

“Assume for a moment that you were looking for a new x-ray table and you encountered one that uses this name. Based on what you see here, would you OR would you not have a belief as to who or what company puts out or sponsors this x-ray table?”

Question 2b:

“IF SAYS ‘YES, I WOULD,’ IN Q.2a, ASK: Who or what company is that? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that company name for me?”

Question 2c:

“What makes you say that? PROBE: What else?”

16. After asking the source question, respondents were instructed to close their web browser so that they could not refer back to the exhibit for the remainder of the interview.

“Please close your web browser now. Let me know when you have done this.”

17. The interview continued after the respondent indicated that he/she had closed the web browser. The exact questions used and the sequence in which they occurred are as follows:

Question 3a:

“What, if anything, came to your mind when I first showed you the name of this x-ray table? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that for me? PROBE: Anything else?”

Question 3b:

“FOR EACH RESPONSE GIVEN IN Q.3a, ASK: What makes you say that (INSERT RESPONSE GIVEN IN Q.3a) came to your mind? PROBE: What else?”

Question 3c:

“FOR EACH RESPONSE GIVEN IN Q.3a, ASK: What kind of company or product is (INSERT RESPONSE GIVEN IN Q.3a)? How would you describe it to someone else if you were explaining who or what it is?”

Question 4a:

"Did any other product or products come to your mind when I first showed you the name of this x-ray table?"

Question 4b:

"IF SAYS 'YES' IN Q.4a, ASK: What product or products is that? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that for me? PROBE: Any others?"

Question 4c:

"FOR EACH RESPONSE GIVEN IN Q.4b, ASK: What makes you say that (INSERT RESPONSE GIVEN IN Q.4b) came to your mind? PROBE: What else?"

18. Finally, classification information was secured and the interview completed. Copies of the questionnaire and the exhibits used are attached to Appendix B of this Declaration.
19. Based on the sample size of 200 cases in the test cell, the statistical error rate for the key measures in this study fall into the range of $\pm 6.9\%$ for a statistic such as 52% at the 95% confidence level. In other words, one would expect that 95 times out of 100, a measurement that was actually 52% would accurately be represented in the data by a statistic as high as 59%, or as low as 45%.
20. Interviewing was administered and supervised, under my direction, by Survey Center, L.L.C., a company that specializes in the administration of market research surveys. Survey Center is the data collection division of Leo J. Shapiro and Associates and is a member of the Market Research Association. Interviewing was conducted by an

member of the Market Research Association. Interviewing was conducted by an independent research firm who specializes in telephone interviewing. Interviewers were trained in proper interviewing techniques and were briefed specifically on this project.

21. The survey used a “double-blind” approach, where neither the respondent nor the interviewers conducting the study were aware of the purpose of the research or the identity of the party who commissioned it. The methodology, survey design, execution, and reporting were all conducted in accordance with generally accepted standards of objective procedure and survey technique.
22. Independent validation was conducted by telephone, which involved re-establishing contact with the persons who were interviewed in the study. Based on this re-contact, none of the 301 interviews failed during the validation procedure. A summary of the survey validation is attached to Appendix C of this Declaration.
23. The work performed to design, carry out, and report this study is covered by a billing of \$100,000. Additional time required for trial testimony or deposition, will be billed at a rate of \$7,000 per day, plus expenses.

IV. RESULTS

24. Each respondent was asked if they have a belief about who or what company puts out or sponsors this x-ray table. Overall, just 4% of test cell respondents and 5% of control cell respondents report having a belief about source.

Question 2a:

“Assume for a moment that you were looking for a new x-ray table and you encountered one that uses this name. Based on what you see here, would you OR would you not have a belief as to who or what company puts out or sponsors this x-ray table?”

	<u>EXHIBIT SHOWN</u>	
	<u>ROLL-X</u>	<u>DIGI-X</u>
	(200)	(101)
ALL RESPONDENTS	<u>100%</u>	<u>100%</u>
Yes, I Would	4%	5%
No, I Would Not	96	94
Don't Know	*	1

*0.5% or fewer mentions, but not zero.

NOTE: Table may not sum to 100% due to rounding.

25. Among those respondents who have a belief about source, just 2% (4 respondents) in the test cell mentioned the Rolex brand: two respondents (1%) name Rolex as the source, although they later explain that they are only saying Rolex out of familiarity, and the other two respondents (1%) say that there is a play on words of the Rolex brand. In other words, none of these four respondents evidence any actual confusion. There were no corresponding Rolex mentions in the control cell. Specifically, in response to Questions 2b and 2c, these four test cell respondents say:

ID #88: *“Rolex watch. Familiar only with the watch.”*
 ID #136: *“Rolex. Brand recognition.”*
 ID #170: *“There’s a play on words, as in Rolex watch. A digital x-ray and a rolling table. The tables have rolling top tables.”*
 ID #228: *“Rolex. It looks like it’s a play on Rolex, but not the expensive watch itself.”*

Q.2b: *“IF SAYS ‘YES, I WOULD,’ IN Q.2a, ASK: Who or what company is that?”*

Q.2c: *“What makes you say that?”*

Net of Q.2b-c

	EXHIBIT SHOWN	
	<u>ROLL-X</u>	<u>DIGI-X</u>
	(200)	(101)
ALL RESPONDENTS	<u>100%</u>	<u>100%</u>
<u>All Who Have a Belief About Source:</u>	<u>4%</u>	<u>5%</u>
ROLL-X	2	--
DIGI-X	--	3
Rolex Watch	1	--
Play On Word “Rolex”	1	--
Digital X-Ray	*	--
Rolling Table	*	--
Other Comments	--	2

*0.5% or fewer mentions, but not zero.

26. Each respondent was asked what came to mind when they first saw the name of this x-ray table. Overall, 42% of test cell respondents say Rolex comes to mind, while no one in the control cell mentions Rolex.

Question 3a:

"What, if anything, came to your mind when I first showed you the name of this x-ray table?"

	EXHIBIT SHOWN	
	ROLL-X	DIGI-X
	(200)	(101)
ALL RESPONDENTS	100%	100%
<u>All Who Say Something Came to Mind:</u>	<u>82%</u>	<u>91%</u>
<u>Rolex Mentions (Net):</u>	<u>42</u>	<u>--</u>
Rolex/Watch	42	--
Rolex Horse Event	1	--
<u>Other Mentions (Net):</u>	<u>56</u>	<u>91</u>
Portable/Movable/Rolling	32	--
X-Ray Tables/Equipment	18	1
X-Rays	7	7
Rolodex/Filing System	4	--
Not Familiar With	2	6
Plain/Easy to Read/Simple	2	4
Rolaids/Antacid	2	--
Play On Words/Name	2	--
Expensive/Luxury/High-End	2	--
Rolo/Candy	2	--
Good Quality/Reliable/Durable	2	--
Joke/Funny/Clever	1	2
Digital X-Rays/Equipment	*	78
Other Comments (Net)**	14	12
<u>All Who Do Not Say Something Came to Mind:</u>	<u>18</u>	<u>9</u>

*0.5% or fewer mentions, but not zero.

**1% or fewer mentions each, but not zero.

NOTE: Table may sum to more than total due to multiple mentions by some respondents.

27. Among test cell respondents who say Rolex came to mind, the most frequently cited reason is the name (32%).

Question 3b:

“What makes you say that (INSERT RESPONSE GIVEN IN Q.3a) came to your mind?”

	<u>ROLL-X</u>
	(200)
ALL RESPONDENTS	<u>100%</u>
<u>All Who Say Rolex Came to Mind:</u>	<u>42%</u>
Because of the Name	32
Rolex/Watch	26
Comes to Mind/Reminds Me Of	8
Familiar With	4
Well-Known/Recognize It	3
Expensive/Luxury/High-End	2
Rolex Horse Event	1
Play On Words/Name	*
Other Comments	*
Don't Know/Not Answering	*

*0.5% or fewer mentions, but not zero.

NOTE: Table may sum to more than total due to multiple mentions by some respondents.

28. Most test cell respondents who say Rolex came to mind further describe the watch (30%) or describe an attribute of the watch such as luxury (26%) or good quality (12%).

Question 3c:

*“What kind of company or product is (INSERT RESPONSE GIVEN IN Q.3a)?
How would you describe it to someone else if you were explaining who or what it is?”*

	<u>ROLL-X</u>
	(200)
ALL RESPONDENTS	<u>100%</u>
<u>All Who Say Rolex Came to Mind:</u>	<u>42%</u>
Rolex/Watch	30
Expensive/Luxury/High-End	26
Good Quality/Reliable/Durable	12
Gold	1
For Older People	1
Rolex Horse Event	1
Good Customer Service	*
Other Comments	*
Don't Know/Not Answering	4

*0.5% or fewer mentions, but not zero.

NOTE: Table may sum to more than total due to multiple mentions by some respondents.

29. Each respondent was then asked if any other products came to mind when they first saw the name of this x-ray table. Overall, 19% of test cell respondents and 18% of control cell respondents report that other products came to mind.

Question 4a:

“Did any other product or products come to your mind when I first showed you the name of this x-ray table?”

	EXHIBIT SHOWN	
	<u>ROLL-X</u>	<u>DIGI-X</u>
	(200)	(101)
ALL RESPONDENTS	<u>100%</u>	<u>100%</u>
Yes	19%	18%
No	81	82

30. Among the 19% of respondents who say other products came to mind, about half name Rolex (10% overall). This additional 10% represents respondents who did not identify Rolex in either Question 2 or Question 3. No one mentions Rolex in the control cell.

Question 4b:

“IF SAYS ‘YES’ IN Q.4a, ASK: What product or products is that?”

	EXHIBIT SHOWN	
	<u>ROLL-X</u>	<u>DIGI-X</u>
	(200)	(101)
ALL RESPONDENTS	<u>100%</u>	<u>100%</u>
<u>All Who Say Other Products Came to Mind:</u>	<u>19%</u>	<u>18%</u>
Rolex/Watch	10	--
<u>Other Mentions (Net):</u>	<u>9</u>	<u>17</u>
Portable/Movable/Rolling	2	--
Roloids/Antacid	2	--
Rolodex/Filing System	2	--
X-Ray Tables/Equipment	1	2
Digital X-Rays	--	3
Computer System/Hardware	--	2
Other Comments (Net)**	4	11
Don't Know/Not Answering	*	1

*0.5% or fewer mentions, but not zero.

**1% or fewer mentions each, but not zero.

NOTE: Table may sum to more than total due to multiple mentions by some respondents.

31. Among test cell respondents who say Rolex came to mind, the most frequently cited reason is the name (9%).

Question 4c:

“What makes you say that (INSERT RESPONSE GIVEN IN Q.4b) came to your mind?”

	<u>ROLL-X</u>
	(200)
ALL RESPONDENTS	<u>100%</u>
<u>All Who Say Rolex Came to Mind:</u>	<u>10%</u>
Because of the Name	9
Rolex/Watch	4
Comes to Mind/Reminds Me Of	2
Well-Known/Recognize It	*

*0.5% or fewer mentions, but not zero.

NOTE: Table may sum to more than total due to multiple mentions by some respondents.

Summary Table: Total Rolex Association

32. When the results to all the survey questions are considered together on an unduplicated basis, 52% report that the Rolex trademark comes to mind when they encounter the “ROLL-X” name for x-ray tables.

Net Unduplicated Summary Table
(Net of Q.2-4)

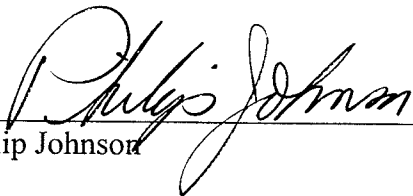
	<u>EXHIBIT SHOWN</u>	
	<u>ROLL-X</u>	<u>DIGI-X</u>
ALL RESPONDENTS	(200)	(101)
	<u>100%</u>	<u>100%</u>
<u>Total Rolex Association</u>	<u>52%</u>	<u>--%</u>
All Who Identify Rolex in Q.2 Or Q.3	42	--
All Who Identify Rolex in Q.4, But Do Not Identify It in Q.2 Or Q.3	10	--

V. CONCLUSIONS AND OPINIONS

33. Based on these results, it is clear that the use of the "ROLL-X" name in connection with x-ray tables causes a majority (52%) of those animal health professionals who encounter it to think of the famous Rolex trademark. In virtually all of these instances, this specific association with Rolex occurs in the form of dilution or blurring of the Rolex trademark.
34. It is my opinion that there is a high degree of false association between x-ray tables called "ROLL-X" and the Rolex watch company such that a significant likelihood of trademark dilution occurs.

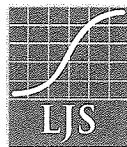
Pursuant to 28 U.S.C., Section 1746, I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on March 11, 2010 at Chicago, Illinois.


Philip Johnson

APPENDIX A

- Philip Johnson Curriculum Vitae
- Recent Cases In Which Philip Johnson Has Testified



LEO J. SHAPIRO & ASSOCIATES LLC.

PHILIP JOHNSON

CURRICULUM VITAE

Philip Johnson is the Chief Executive Officer of Leo J. Shapiro and Associates, a Chicago-based market research and behavioral consulting company. Mr. Johnson has been with this firm since 1971 and has held a number of positions. In recent years, he has concentrated his efforts in the areas of study design and the development of innovative research techniques.

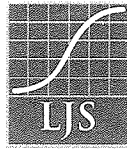
Over the past years, Mr. Johnson has designed and supervised hundreds of surveys measuring consumer behavior and opinion, employing a wide range of research techniques. His area of expertise is in the use of survey research as a tool in litigation, including jury selection and trademark disputes.

Mr. Johnson has offered testimony regarding survey evidence on over fifty occasions in both Federal and State courts. In addition, he has offered survey research in matters before the Federal Trade Commission, The Food and Drug Administration, the Patent and Trademark Office, and the Trademark Trial and Appeal Board. Mr. Johnson has designed, conducted, and reported survey evidence on behalf of both plaintiffs and defendants in various cases. The topics covered in these litigation related surveys include matters related to likelihood of confusion, secondary meaning, genericness, dilution, false advertising, change of venue, and unfair competition.

Part of Mr. Johnson's training has been through working with Dr. Leo J. Shapiro, the Founder of the company; the late Dr. Philip M. Hauser, a former Director of the U. S. Census Bureau; and the late Dr. Hans Zeisel, who made significant contributions in the application of social science to the solution of legal questions.

Mr. Johnson has given lectures before the American Bar Association (ABA) and the Practising Law Institute (PLI) on the use of survey research in litigation. He is a member of the American Marketing Association (AMA), the American Association for Public Opinion Research (AAPOR), and the International Trademark Association (INTA).

Mr. Johnson has a B.S. degree in Psychology from Loyola University and an M.B.A. degree from the University of Chicago.



LEO J. SHAPIRO & ASSOCIATES LLC.

**RECENT CASES WHERE PHILIP JOHNSON
TESTIFIED OR OFFERED SURVEY EVIDENCE...**

NOVEMBER 2009	FAIR ISAAC CORPORATION v. EQUIFAX, INC., ET AL. United States District Court for the District of Minnesota Secondary Meaning
JULY 2009	THE SCOTTS COMPANY LLC v. CENTRAL GARDEN & PET COMPANY AND GULFSTREAM HOME & GARDEN, INC., United States District Court for the Southern District of Ohio False Advertising
JULY 2009	LUMBER LIQUIDATORS, INC., v. STONE MOUNTAIN CARPET MILLS, INC. d/b/a THE FLOOR TRADER United States District Court for the Eastern District of Virginia Likelihood of Confusion
NOVEMBER 2008	BRIGHTON COLLECTIBLES, INC. v. COLDWATER CREEK, INC. United States District Court for the Southern District of California Secondary Meaning
OCTOBER 2008	EL DIABLO, INC. v. MEL-OPP & GRIFF, LLC., ET AL. In the Superior Court of the State of Washington in and for the County of King Trade Dress Infringement
AUGUST 2008	EXPERIENCE HENDRIX, LLC. AND AUTHENTIC HENDRIX, LLC., v. ELECTRIC HENDRIX, LLC., ET AL. United States District Court for the Western District of Washington at Seattle Likelihood of Confusion
JANUARY 2008	PEDINOL PHARMACAL, INC. v. RISING PHARMACEUTICALS, INC. United States District Court for the Eastern District of New York Therapeutic Equivalence

NOVEMBER 2007	SKECHERS U.S.A., INC. v. VANS, INC. United States District Court for the Central District of California Likelihood of Post-Sale Confusion
AUGUST 2007	SAINT-GOBAIN CORPORATION v. 3M COMPANY United States Patent and Trademark Office Trademark Trial and Appeal Board Secondary Meaning
APRIL 2007	NIKE, INC. v. NIKEPAL INTERNATIONAL, INC. United States District Court for the Eastern District of California Likelihood of Initial Interest Confusion and Dilution
FEBRUARY 2007	JOHNSON & JOHNSON VISION CARE, INC. v. CIBA VISION CORPORATION United States District Court for the Southern District of New York False Advertising
NOVEMBER 2006	HASBRO, INC. v. MGA ENTERTAINMENT, INC. United States District Court for the District of Rhode Island Secondary Meaning
OCTOBER 2006	CLASSIC FOODS INTERNATIONAL CORPORATION v. KETTLE FOODS, INC. United States District Court for the Central District of California (Southern Division) Likelihood of Confusion
JUNE 2006	GROCERY OUTLET INC. v. ALBERTSON'S, INC., AMERICAN STORES COMPANY, L.L.C., AND LUCKY STORES, INC. United States District Court for the Northern District of California (San Francisco Division) Likelihood of Confusion and Fame
JUNE 2006	DE BEERS LV TRADEMARK LTD. AND DE BEERS LV LTD. v. DEBEERS DIAMOND SYNDICATE INC. AND MARVIN ROSENBLATT United States District Court for the Southern District of New York Awareness
APRIL 2006	24 HOUR FITNESS USA, INC. v. 24/7 TRIBECA FITNESS, L.L.C., 24/7 GYM, L.L.C., ET AL. United States District Court for the Southern District of New York Likelihood of Confusion

APRIL 2006	JUICY COUTURE, INC. AND L.C. LICENSING, INC. v. LANCÔME PARFUMS ET BEAUTE & CIE AND LUXURY PRODUCTS, L.L.C. United States District Court for the Southern District of New York Likelihood of Confusion
JANUARY 2006	WHIRLPOOL PROPERTIES, INC., ET AL., v. LG ELECTRONICS U.S.A., INC., ET AL. United States District Court for the Western District of Michigan (Southern Division) Likelihood of Confusion
OCTOBER 2005	PRL USA HOLDINGS, INC. v. UNITED STATES POLO ASSOCIATION, ET AL. United States District Court for the Southern District of New York Likelihood of Confusion
SEPTEMBER 2005	HILL'S PET NUTRITION, INC. v. NUTRO PRODUCTS, INC. AND JOHN DOES #1-20 United States District Court for the Central District of California (Western Division) False Advertising
SEPTEMBER 2005	PERFUMBAY.COM, INC. v. EBAY, INC. United States District Court for the Central District of California (Western Division) Likelihood of Dilution and Initial Interest Confusion
JUNE 2005	METROPOLITAN LIFE INSURANCE CORPORATION v. METBANK United States District Court for the Southern District of New York Likelihood of Confusion
MARCH 2005	PACIFIC MARKET INTERNATIONAL v. THERMOS L.L.C. United States District Court for the Western District of Washington (Seattle Division) Likelihood of Confusion
MARCH 2005	JADA TOYS, INC. v. MATTEL, INC. United States District Court for the Central District of California Likelihood of Confusion

APPENDIX B

- Questionnaire
- Exhibits

QUESTIONNAIRE

Hello, my name is _____. I work for Survey Center, and we are doing a short research study with health care professionals such as yourself. We are not selling anything. This is for research purposes only.

SCREENER

- I. Do you use x-ray tables at your facility?
() NO...TALLY AND TERMINATE. () YES...CONTINUE.
- II. Are you the person at your facility who is most responsible for making the decision about which particular x-ray table to purchase?
() NO...ASK TO SPEAK WITH THAT PERSON. () YES...CONTINUE.
- III. And what is your job title?
() VETERINARIAN/VET () VETERINARY TECHNICIAN/VET TECH () OWNER
() OFFICE MANAGER () PURCHASING MANAGER () OTHER...TALLY AND TERMINATE.

QUESTIONNAIRE:

SAY: Before we begin, I would like you to know that the interview will take about 5 minutes of your time. If you qualify and complete the entire study, we will send you or your favorite charity a \$30 honorarium as a token of appreciation for your cooperation. I would like you to know that your answers and identity will be kept strictly confidential. As we go through the study, I will be asking you some questions. If you do not know the answers to any of the questions, it is okay to say so. Please do not refer to any materials or literature in your office while answering these questions.

I am going to ask you to log onto the Internet. Please have your computer on and accessible during the interview.

() DON'T HAVE INTERNET ACCESS AT ALL...TALLY AND TERMINATE.

OR

() DON'T CURRENTLY HAVE INTERNET ACCESS, BUT WILL AT A LATER TIME...SCHEDULE CALLBACK.

PROGRAMMER NOTE: RANDOMIZE URL ASSIGNMENT ACCORDING TO QUOTAS.

First, please enter the following URL into your web browser:

() <http://surveycenteronline.com/equipmentmm>

OR

() <http://surveycenteronline.com/equipmentbbb>

Let me know when you are there.

CONTINUE AFTER RESPONDENT HAS INDICATED THAT HE/SHE IS AT THE WEB PAGE.

1. Can you clearly see the name on your computer screen?
() NO...TALLY AND TERMINATE. () YES...CONTINUE.

- 2a. Assume for a moment that you were looking for a new x-ray table and you encountered one that uses this name. Based on what you see here, would you OR would you not have a belief as to who or what company puts out or sponsors this x-ray table?

() NO, I WOULD NOT...IF SAYS "NO, I WOULD NOT," SKIP TO Q.3a.

() YES, I WOULD...IF SAYS "YES, I WOULD," CONTINUE WITH Q.2b AND Q.2c.

IF SPONTANEOUS: () DON'T KNOW...IF SAYS "DON'T KNOW," SKIP TO Q.3a.

- b. IF SAYS "YES, I WOULD" IN Q.2a, ASK: Who or what company is that? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that company name for me?

- c. What makes you say that? PROBE: What else?

Please close your web browser now. Let me know when you have done this.

CONTINUE AFTER RESPONDENT HAS INDICATED THAT HE/SHE HAS CLOSED THE WEB BROWSER.

- 3a. What, if anything, came to your mind when I first showed you the name of this x-ray table? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that for me?

PROBE: Anything else? RECORD UP TO FIVE MENTIONS.

- b. FOR EACH RESPONSE GIVEN IN Q.3a, ASK: What makes you say that (INSERT RESPONSE GIVEN IN Q.3a) came to your mind? PROBE: What else?

- c. FOR EACH RESPONSE GIVEN IN Q.3a, ASK: What kind of company or product is (INSERT RESPONSE GIVEN IN Q.3a)? How would you describe it to someone else if you were explaining who or what it is?

4a. Did any other product or products come to your mind when I first showed you the name of this x-ray table?

() NO...IF SAYS "NO" SKIP TO "RECORD FROM OBSERVATION."

() YES...IF SAYS "YES" CONTINUE WITH Q.4b AND Q.4c.

IF SPONTANEOUS: () DON'T KNOW...IF SAYS "DON'T KNOW," SKIP TO "RECORD FROM OBSERVATION."

b. IF SAYS "YES" IN Q.4a, ASK: What product or products is that? IF SAYS THE NAME OF A BRAND OR COMPANY: Can you please spell that for me? PROBE: Any others? RECORD UP TO FIVE MENTIONS.

c. FOR EACH RESPONSE GIVEN IN Q.4b, ASK: What makes you say that (INSERT RESPONSE GIVEN IN Q.4b) came to your mind? PROBE: What else?

RECORD FROM OBSERVATION: GENDER: () MALE () FEMALE

In order to be counted as a complete survey, I need to have a phone number where you can be reached if a verifier calls to confirm that you participated in the study. May I please have a phone number where you can be reached? This verification call would take less than a minute of your time. () _____.

Is this your ()HOME ()BUSINESS or ()CELL phone? Thank you.

RESPONDENT NAME: _____

CLINIC NAME: _____

CLINIC ADDRESS: _____ CITY/STATE: _____

ZIP CODE: _____ INTERVIEWER: _____ DATE: _____

CALL CENTER: _____

INTERVIEWER CERTIFICATION

My signature below affirms that I have personally conducted this interview with the above named respondent to the best of my ability and in compliance with the interviewing instructions. I have recorded, as fully as possible, the respondent's complete answers to the above questions.

SIGNATURE OF INTERVIEWER: _____

PRINTED NAME OF INTERVIEWER: _____

To thank you for your participation, we would like to send you or your favorite charity a check for \$30. Would you prefer to have the check sent directly to you OR to a charity of your choice?

HONORARIUM: ()RESPONDENT ()CHARITY: (SPECIFY, WITH MAILING ADDRESS FOR CHECK)

PLEASE MAKE SURE TO RECORD INDIVIDUAL'S COMPLETE FIRST AND LAST NAME EVEN FOR CHARITY DONATIONS.

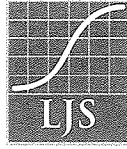
EXHIBITS

ROLL-X

DIGI-X

APPENDIX C

- Validation Summary



LEO J. SHAPIRO & ASSOCIATES LLC.


Rolex
Validation Summary

<u>Total # of Respondents:</u>	<u>301</u>
<u>Reached:</u>	<u>203</u>
Valid:	203
Invalid:	0
<u>Not Reached:</u>	<u>98</u>

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing DECLARATION OF PHILIP JOHNSON has been served on Applicant this 25th day of August, 2010 via first class mail, postage prepaid to:

Norman H. Zivin, Esq.
Hindy Dym, Esq.
Cooper & Dunham LLP
30 Rockefeller Plaza
20th Floor
New York, NY 10112


Vilma Toranzo